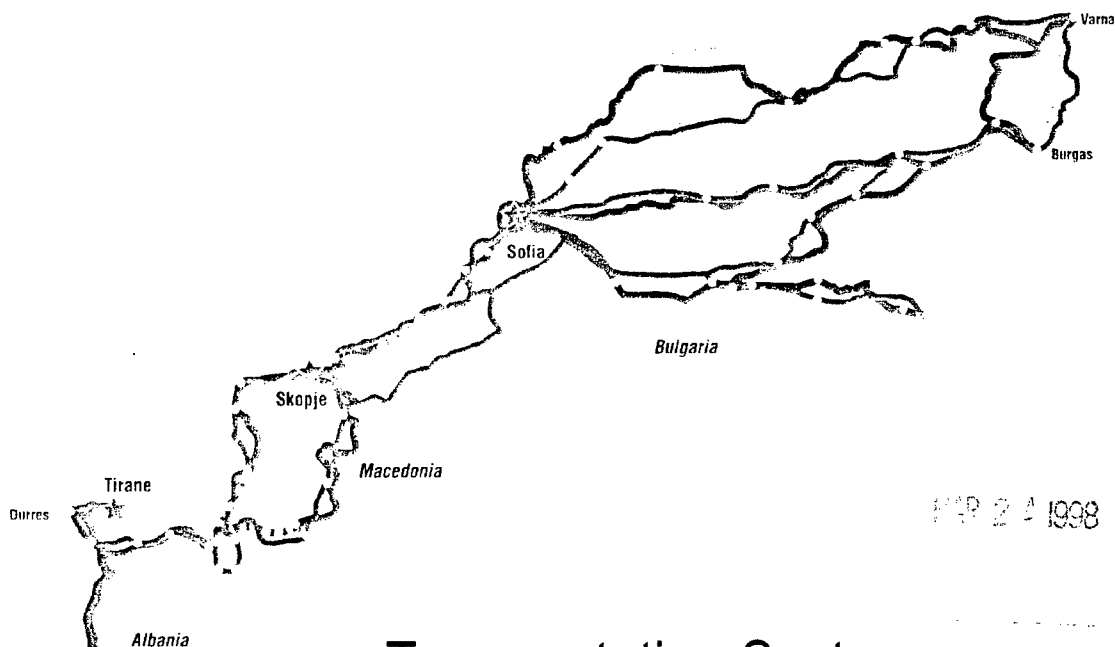


South Balkan Development Initiative



PB98-132202



MAR 24 1998

Transportation Sector Advisory Services Part I

FINAL REPORT

Presented to:
Ministry of Transport of Bulgaria
Ministry of Transport and Communications of Macedonia
Ministry of Public Works and Transport of Albania

Bechtel International, Inc.

In Association with:
Transportation and Economic Research Associates
Institute of Transport and Communications, Sofia

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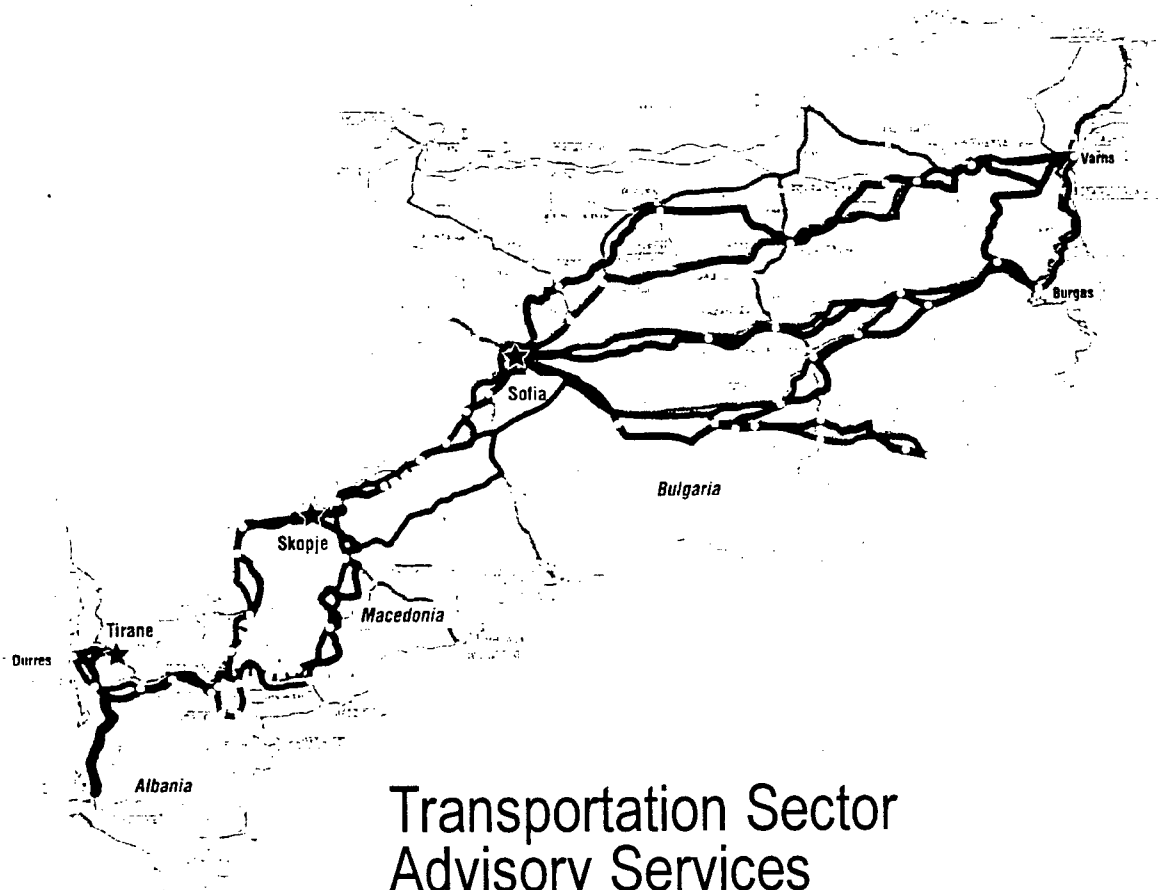
March 1998



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South Balkan Development Initiative



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The U.S. Trade and Development Agency

The U.S. Trade and Development Agency, an independent agency of the U.S. federal government, provides grants that assist in the planning stage of infrastructure and industrial projects in middle-income and developing countries. Through the funding of feasibility studies, orientation visits, training grants, and various forms of technical assistance, TDA facilitates partnerships between American companies and foreign entities.

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Section 1
Executive summary

On December 30, 1996, the Bulgarian Ministry of Transport – on behalf of the Bulgarian Ministry of Transport, the Macedonian Ministry of Transport and Communications, and the Albanian Ministry of Public Works and Transport – entered into a US Trade and Development Agency (TDA) funded contract with Bechtel International Inc. (Bechtel) to provide Transportation Sector Advisory Services to the three-member countries of the South Balkan Development Initiative; Albania, Macedonia, and Bulgaria. The contract was approved officially by the TDA on January 24, 1997.

This study is funded by a TDA grant under the U.S. Government's South Balkan Development Initiative (SBDI). The 4-year SBDI program, established in fiscal year 1996, provides assistance to the governments of Albania, Macedonia, and Bulgaria to strengthen their transportation infrastructure links and improve the level and quality of transportation services along Corridor 8 (the East-West Corridor). The East-West Corridor is one of the nine priority transportation corridors of Europe, designated in the Pan-European Second Conference held in Crete on March 14-16, 1994. The Crete Conference Declaration, executed by 21 European nations, stipulates that there should be cooperation among nations in identifying missing links, bottlenecks, and poorly integrated regions along the nine priority corridors in cooperation with international financial institutions.

In performing this study, Bechtel is assisted by the following consulting companies:

- Transportation and Economic Research Associates, Inc.
- Institute of Transport and Communication - Sofia, Bulgaria

1.1 OVERVIEW OF THE SOUTH BALKAN DEVELOPMENT INITIATIVE

The South Balkan Development Initiative (SBDI) was established in 1996 to assist Albania, Macedonia, and Bulgaria in developing and integrating their transportation infrastructure. The objectives of the SBDI are threefold:

- To help the three countries upgrade their transportation infrastructure in order to increase trade and stimulate economic development
- To encourage the three countries to develop a regional approach to transport planning and use regional synergies to leverage new public and private capital
- To use the concrete experience of regional cooperation on transport infrastructure development to foster more regional cooperation and economic integration

To achieve the SBDI objectives and facilitate better coordination in transportation infrastructure development and rehabilitation activities, the three governments have established a Coordinating Group (CG) at the Deputy Transportation Ministerial level of the three member countries, and a SBDI CG Secretariat office in Sofia.

Ten projects were begun with first-year (Fiscal Year 1996) funding under the SBDI 4-year program. These projects were based on an assessment carried out by TDA, and in consultation not only with the governments of the three countries but also with international financial institutions. This Transportation Sector Advisory Services is one of these projects.

1.2 OVERVIEW OF THE EAST-WEST TRANSPORT CORRIDOR

The East-West Corridor comprises highway and railway routes that connect the Port of Durres on the Adriatic Sea with the Ports of Varna and Burgas on the Black Sea through the countries of Albania, Macedonia, and Bulgaria. The total distance of the corridor varies between 1,220 and 1,350 km depending on the specific highway/railway route taken along the corridor. During the fourth Coordinating Group Meeting held in Skopje on March 27, 1997, the group approved the expansion of the definition of the corridor to include the 160 km highway and rail segment between Plovdiv and Svilengrad up to the Turkish border. This allows the corridor to capture traffic that moves between Turkey, the Middle East, and parts of Southeast Asia, via Bulgaria and Macedonia, and the European countries. The Port of Vlore on the Adriatic Sea was added as a second gateway to the Corridor during the seventh Coordinating Group Meeting held in Tirana, Albania on December 9 - 10, 1997.

Figure 1-1 depicts the highway corridor and Figure 1-2 shows the railway corridor through the three countries of Albania, Macedonia, and Bulgaria.

1.3 SCOPE OF SERVICES

The Transportation Sector Advisory Services are under the auspices of the Coordinating Group (CG) of SBDI. The services are provided by U.S. advisors in the planning, engineering, and construction fields who assist the CG with specific projects and offer advice for the overall development of the region's transportation sector. Specifically, the U.S. advisors assist the CG in the following areas:

- Sector planning, including intermodal analysis, transportation demand and forecasting, investment prioritization, and economic and financial analyses
- Design engineering and system costing review for specific projects
- Coordination with Balkan government ministries and transport enterprises
- Construction supervision advisory services
- Completion of SBDI grant requirements
- Coordination with U.S. embassies and U.S. industry
- Activities of the Coordinating Group, particularly related to its periodic meetings

The services also included assistance in administering a U.S. TDA Grant designed to provide partial funds for the operation of the CG.

1.4 MAIN ACTIVITIES OF THE TRANSPORTATION SECTOR ADVISORY SERVICES

The following main activities of the transportation sector advisory services were accomplished:

SBDI CG Meetings

The U.S. advisors coordinated, attended, and assisted in the proceedings of the following meetings:

- Third Coordinating Group meeting held in Sofia, Bulgaria on January 29, 1997
- Fourth Coordinating Group meeting held in Skopje, Macedonia on March 27, 1997

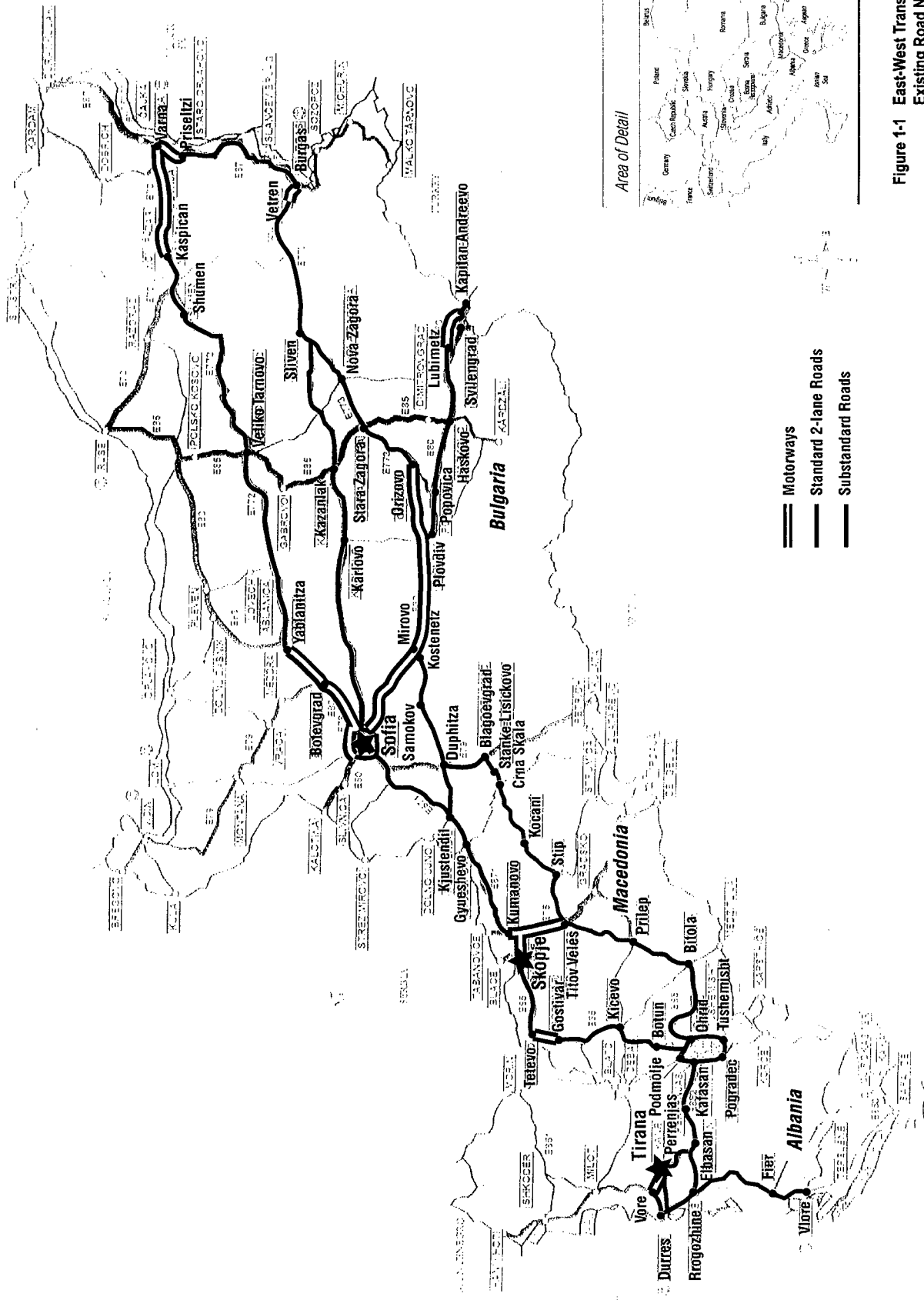


Figure 1-1 East-West Transport Corridor:
Existing Road Network

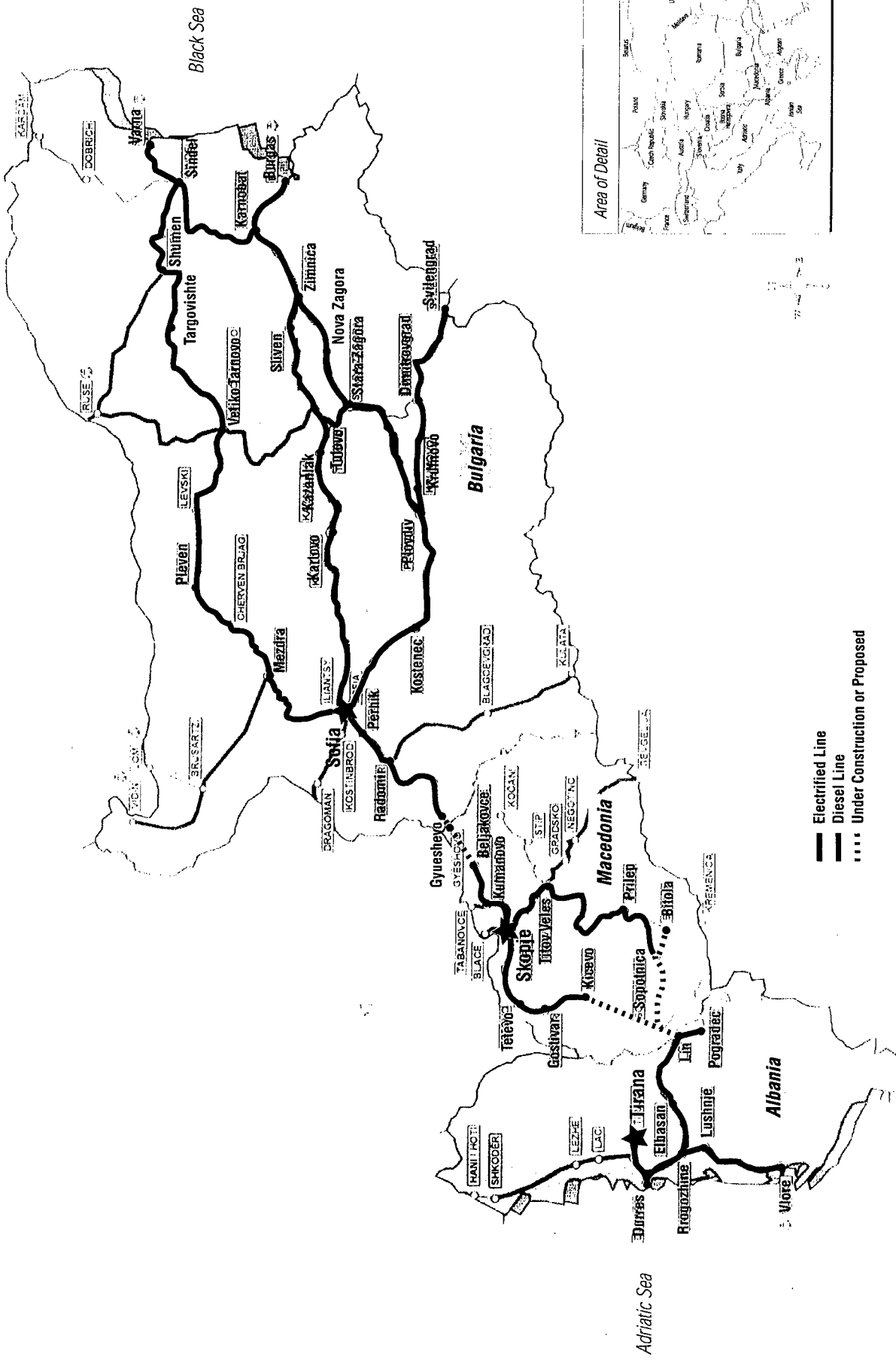


Figure 1-2 East-West Transport Corridor:
Existing Rail Networks

- Fifth Coordinating Group meeting held in Sofia, Bulgaria on June 2, 1997
- Sixth Coordinating Group meeting held in Skopje, Macedonia on September 8, 1997
- Seventh Coordinating Group meeting held in Tirana, Albania on December 10, 1997

SBDI-related Meetings

The U.S. advisors attended the following SBDI related meetings:

- International Transport and Trade Policy Summit "TransEurasia '97" held in Almaty, Republic of Kazakhstan between 22 and 23 May, 1997
- Southeastern Europe Cooperative Initiative (SECI) Transportation Working Group meeting held in Sofia, Bulgaria on May 27, 1997

US Advisory Assistance

- The U.S. advisors assisted in the identification, coordination, and evaluation of Fiscal Year 97 TDA-supported potential projects
- The U.S. advisors assisted in the initial development, preparation, and formulation of the SBDI Ohrid Roundtable to be convened during June 2-4, 1998 in the city of Ohrid, Macedonia
- The U.S. advisors assisted with collection of technical information necessary for the implementation of the Rail Crossing Safety Panel's Pilot Project for the Bulgarian Railroad
- The U.S. advisors performed a prefeasibility study for the Port of Burgas Container Terminal and submitted a report to the CG during August 1997

1.5 COVERAGE OF THIS REPORT

This report presents the main documents produced as a result of the above-described main activities of the Transportation Sector Advisory Services.

Section 2 presents the protocols and pertinent attachments for the five SBDI Coordinating Group meetings convened during 1997.

Section 3 presents the agendas of pertinent proceedings, U.S. advisor commentary on the TransEurasia '97 Conference, and the SECI Transportation Working Group meeting.

Section 4 presents the main papers prepared by the U.S. advisors in support of TDA FY97 projects, the Ohrid Roundtable, and the Rail Crossing Safety Panel Pilot Project.

This report also presents in Appendix 1 protocols of international and regional meetings and conferences that are pertinent to the SBDI in general, and to the implementation of the Trans-European Corridor #8 – the East-West Corridor.

Section 2

SBDI Coordinating Group Protocols

This section presents the Protocol and pertinent attachments prepared for each of the five SBDI coordinating group meetings held during 1997:

- Third Coordinating Group meeting held in Sofia, Bulgaria on January 29, 1997, p. 2-2
 - Progress of projects in 1996
 - Discussions on proposals for continuation of the projects in 1997
 - Coordinating Group Secretariat
 - East-West Balkan Transport Corridor Conference
 - Other business
- Fourth Coordinating Group meeting held in Skopje, Macedonia on March 27, 1997, p. 2-6
 - Progress of projects (presentation by Sayed Sultan, Bechtel)
 - Suggested projects for 1997
 - Organization issues
- Fifth Coordinating Group meeting held in Sofia, Bulgaria on June 2, 1997, p. 2-10
 - Report SBDI projects for FY 96 and FY 97
 - Report on TransEuropean Transport Conference
 - Report on preparation for Ohrid Roundtable
 - Organization issues
 - Other business
 - Status of East-West Transport Study (presentation by Sayed Sultan, Bechtel)
- Sixth Coordinating Group meeting held in Skopje, Macedonia on September 8, 1997, p. 2-24
 - Information of the Bourgas Meeting of the Ministers of Transport
 - Status of ongoing FY 1996 projects
 - New projects:
 - ◆ Report on FY 97 projects, TDA
 - ◆ Reports on the Port of Bourgas Prefeasibility Study (presentation by Sayed Sultan, Bechtel)
 - Discussion of Ohrid Roundtable
 - Other items
- Seventh Coordinating Group meeting held in Tirana, Albania on December 10, 1997, p. 2-39
 - Advance of projects of FY 96 and FY 97
 - Transregional issues
 - Presentations from representatives of transport sectors in Albania
 - Relations between SECI and SBDI
 - Preparation for Ohrid Roundtable
 - Preliminary discussion of projects for FY 98
 - Status report (presentation by Sayed Sultan, Bechtel)

PROTOCOL

SOUTH BALKAN DEVELOPMENT INITIATIVE THIRD COORDINATING GROUP MEETING

*January 29, 1997
Sofia, Bulgaria*

Today, January 29 1997, the Delegations of the Albanian, Macedonian and Bulgarian Ministries of Transport and representatives of the United States Government held the third Coordinating group meeting at the Ministry of Transport in Sofia. The meeting was held in the English language.

The Delegations were represented as follows:

Mr. LACHEZAR LALOV -	Bulgarian Deputy Minister of Transport
Mr. BRANKO PETKOVSKI -	Macedonian Deputy Minister of Transport and Communications
Mr. SHKELQIM XHAXHIU -	Albanian General Director of Transport
Mr. RODNEY AZAMA -	Regional Director for Europe, US Trade and Development Agency

The list of delegates is attached as Annex I.

The meeting was chaired by the Bulgarian Deputy Minister of Transport Mr. Lachezar Lalov. After the opening remarks of the chairman, the following agenda has been discussed and agreed:

1. Information concerning the process of the projects in 1996;
2. Discussions on the proposals for continuation of the projects in 1997;
3. Co-ordination of matters concerning the establishment of the Coordinating group Secretariat;
4. Discussion on the preparation of a Conference with American businessmen and International Financial Institutions, interested in the construction of the East-West Balkan Transport Corridor;
5. Other business.

Further to the discussions under **item one** of the agenda the following decisions have been reached:

- 1) Signed copies in the English language of the two contracts concluded with Bechtel, regarding the Study on the East-West Balkan Transport Corridor and the Provision of Advisory Services have been handed over to the

representatives of Macedonian and Albanian party. TDA's letters of approval for these two contracts have also been handed out to the Delegations.

2) All the participating parties agreed that they will co-operate with Bechtel to the best of their abilities and will provide the company with all the available information and materials concerning the East-West Corridor, in the language it has been prepared.

3) After the Delegations get familiar with the two contracts and after individual consultations and discussions with Bechtel, each country should propose the specific activities to be performed under the contract for the Provision of Advisory Services. This would enable the Coordinating group to allocate the funds and the man-months as appropriate during the next meeting.

Further to the discussions under **item two** of the agenda the following decisions have been reached:

1) During the month of February and the first half of March, Bechtel shall conduct individual meetings with each Ministry, where the priorities of each country as well as the general priorities for the region within the framework of the second tranche for the SBDI shall be defined.

2) The fourth Coordinating group meeting will take place in the period 24 - 28th of March, where a final decision should be reached regarding the priority projects to be further supported, keeping in mind the explanations given by Mrs. Ann Lien.

Further to the discussions under **item three** of the agenda the following decisions have been reached:

1) The Coordinating group approves at this stage the proposal co-ordinated with TDA concerning the expenses for the Coordinating group and its Secretariat.

2) A final decision shall be taken upon submission by Bechtel of the results related to the project for Provision of Advisory Services, as specified in Annex A, Task 7 from the contract for the above project.

3) The participating Delegations proposed that they would appreciate to be informed by TDA in writing about the rules, procedures and limits for spending the allocated funds.

Further to the discussions under **item four** of the agenda the following decisions have been reached:

1) The Delegations agree with the TDA's proposal for a Conference to be organised with the participation of American businessmen, International Financial Institutions and representatives of the large transport companies and structures in the three countries, in order to discuss the possibilities for investments into existing and future transport infrastructure projects in the region.

2) The Conference will take place in the end of June. The exact date, venue and agenda shall be specified at the fourth Coordinating group meeting.

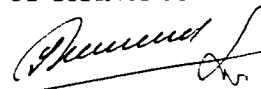
Under **item five** the Bechtel company made a presentation and explained its requirements to the three countries concerning the development of the projects under SBDI. The following decision has been reached:

1) By 10th of February 1997 the three countries should inform TDA and Bechtel company about the contact persons appointed for the projects.

This Protocol is drafted in four identical copies in the English language.

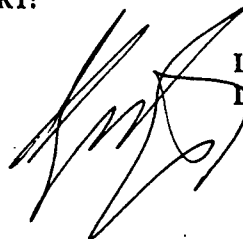
**ALBANIAN MINISTRY OF INDUSTRY
TRANSPORTS AND TRADE:**

**SHKELQIM XHAXHIU
GENERAL DIRECTOR
OF TRANSPORT**



BULGARIAN MINISTRY OF TRANSPORT:

**LACHEZAR LALOV
DEPUTY MINISTER**



**MACEDONIAN MINISTRY OF
TRANSPORT AND COMMUNICATIONS:**

**BRANKO PETKOVSKI
DEPUTY MINISTER**



DELEGATES LIST

COMPOSITION OF THE BULGARIAN DELEGATION

1. Lachezar Lalov - Deputy Minister of Transport
2. Anton Antov - Advisor of Minister, Ministry of Transport
3. Velichko Raikov - Head of International Relations Dept., Ministry of Transport
4. Vessela Gospodinova - Head of Infrastructure and Foreign Investments Dept., Ministry of Transport
5. Tanya Savova - Expert, International Relations Dept., Ministry of Transport
6. Raya Velkova - Senior Specialist, Infrastructure and Foreign Investments Dept., Ministry of Transport

COMPOSITION OF THE ALBANIAN DELEGATION

1. Shkelqim Xhaxhiu - General Director of Transport, Ministry of Industry Transport and Trade
2. Kujtim Hashorva - Head of Transport Dept., Ministry of Industry Transport and Trade

COMPOSITION OF THE MACEDONIAN DELEGATION:

1. Branko Petkovski - Deputy Minister, Ministry of Transport and Communications
2. Ljupco Dimitrov - Chief of the Road and Infrastructure Section, Ministry of Transport and Communications
3. Dragica Nikiforovic - Advisor, Ministry of Transport and Communications

COMPOSITION OF THE AMERICAN DELEGATION

1. Rodney Azama - Regional Director for Europe, TDA
2. Ann Lien - Country Manager for Central and Eastern Europe, TDA
3. Susan Weidner - Senior Commercial Officer, US Embassy in Sofia
4. Uliana Kanelli - Senior Commercial Specialist, US Embassy in Sofia

PROTOCOL

from the 4th meeting of the Coordinating Group
of the South Balkan Development Initiative
27th March 1997
Skopje, Macedonia

Today, 27th March 1997, the delegations from the Albanian, Macedonian and the Bulgarian Ministry of Transport, as well as representatives of the USA Government, held the 4th meeting of the Coordinating Group in Skopje.

Working language of the meeting was the English language.

The delegations were headed by:

Mr. Branko Petkovski,	Macedonian Deputy Minister of Transport and Communications
Mr. Kalcho Hinov,	Bulgarian Deputy Minister of Transport
Mr. Sotir Bebi,	Albanian representative, Adviser to the Minister of Industry, Transport and Trade

At the meeting were also present:

Ms. Suzan Widner,	Senior Commercial Officer
Mr. Asil Gezen,	Representative of TERA company
Mr. Said Sultan,	Representative of Bechtel Corporation

The list of participants is enclosed as Annex 1.

The meeting was chaired by the Macedonian Deputy Minister of Transport and Communications, Mr. Branko Petkovski. After the introductory presentation the Chairman proposed the following agenda which was adopted:

AGENDA

1. Report on the progress of the projects. Presentation by Mr. Sayed Sultan, representative of the Bechtel Corporation;
2. Establishment of the suggested projects for 1997;

3. Organisation issues:

- (a) Organisation of a Conference in Ohrid which will be attended by US business and international financial institutions, banks and private partnerships, representatives of transport companies and organizations from the three concerned neighbouring countries. The aim of the Conference will be to consider the opportunities for investment in the transport infrastructure in the region;
- (b) Appointment of a Secretary for the Secretariat of the Co-ordinating Group;
- (c) Information and position for participation at the First International Conference to be held in May '97 in Almati - Kazakhstan;
- (d) Payment procedures;
- (e) Proposal for the next Co-ordinating group meeting.

Further to the discussions under item 1 of the agenda the following decisions have been reached:

- 1. The report for the activities undertaken so far, concerning the realization of the agreed projects, presented by Mr. Sultan, the representative of Bechtel Corporation, represents a real information for the stage of completion of the projects.
- 2. The representatives of the delegations of the three countries agreed with the proposal given by Mr. Sultan for preparation of a separate study for the port of Burgas within the framework of the Contract for Advisory Services including analysis of the traffic on the section Plovdiv - Svilengrad. Other changes on the Corridor definition will be considered at later dates.

Further to the discussions under item 2 of the agenda the following decisions have been reached:

- 1. The representatives of the delegations agreed that from the total available funds of 7.000.000 US\$ intended for financing the 1997 projects, 1,0 million US\$ to be allocated for financing the continuation of the Study for the East - West transport corridor preparation and the continuation of the Contract for Advisory Services. The remaining 6,0 million US\$ to be equally allocated, 2,0 million for each country intended for 1997 priority projects which will be given by each country to the consultants by the end of this day.
- 2. The funds which will not be used for the realization of the selected priority projects can be reallocated for other projects.

Further to the discussions under item 3 of the agenda the following decisions have been reached:

- (a) The organization of the Conference in Ohrid for presenting the East - West transport corridor projects and the possibilities for investment in the transport infrastructure of the region is postponed for the week starting 13th October 1997.

It is requested that the Conference be sponsored by TDA, which will prepare the programme of the Conference and define the list of the participants invited to the Conference.

(b) Regarding the appointment of a Secretary for the Secretariat of the Co-ordinating Group, the Bulgarian party will inform for the selection made after the announced competition, and upon the selection, organize the functioning of the Secretariat office which is in favour for the whole project.

(c) Regarding the participation at the First International Conference to be held in May '97 in Almati - Kazakhstan, the opinion of Coordinating Group is that it is important for the East - West corridor, too, and it was decided that a representative from the Bulgarian party, on behalf of the Coordinating Group, take part at the Conference.

The Coordinating Group requests that TDA finance the costs for one member of the Group.


(d) The Secretariat will use the funds for payment of the costs in accordance with the guidelines given by TDA.

(e) The next meeting of the Coordinating Group will be held in the first week of June 1997, in Bulgaria.

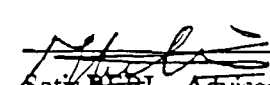
MINISTRY OF TRANSPORT AND COMMUNICATIONS OF MACEDONIA


Branko PETKOVSKI, Deputy Minister

MINISTRY OF TRANSPORT OF BULGARIA


Kalcho HINOV, Deputy Minister

MINISTRY OF INDUSTRY, TRANSPORT AND TRADE OF ALBANIA


Seta BEBI, Adviser to the Minister



REPUBLIC OF MACEDONIJA
MINISTRY OF TRANSPORT AND COMMUNICATIONS
LAND TRANSPORT DEPARTMENT
S k o p j e

Mr. Anton Antov
Adviser to the Minister
Ministry of Transport
Sofia, Republic of Bulgaria

Skopje, 26.03.1997

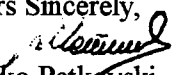
The Ministry of Transport and Communications of the Republic of Macedonia confirms that the fourth Deputy Ministers' Co-ordinating Group meeting will be held on 27 March, 1997 (Thursday), at 10,30 in the meeting room of "Klub na pratenici", in Skopje. We suggest the following

DRAFT AGENDA

1. Report on the progress of the projects. Presentation by Mr. Sayed Sultan, representative of the Bechtel Corporation;
2. Establishment of the suggested projects for 1997;
3. Organisation issues:
 - (a) Organisation of a Conference in Ohrid which will be attended by US business and international financial institutions, banks and private partnerships, representatives of transport companies and organizations from the three concerned neighbouring countries. The aim of the Conference will be to consider the opportunities for investment in the transport infrastructure in the region;
 - (b) Appointment of a Secretary for the Secretariat of the Co-ordinating Group;
 - (c) Information and position for participation at the First International Conference to be held in May '97 in Almati - Kazakhstan;
 - (d) Payment procedures;
 - (e) Proposal for the next Co-ordinating group meeting

Looking forward to meet you, I remain,

Yours Sincerely,


Branko Petkovski
Deputy Minister

PROTOCOL

SOUTH BALKAN DEVELOPMENT INITIATIVE FIFTH CO-ORDINATING GROUP MEETING

*June 2, 1997
Sofia, Bulgaria*

Today, June 2, 1997, the Delegations of the Albanian, Macedonian and Bulgarian Ministries of Transport and representatives of the United States Government held the fifth Co-ordinating group meeting at the Ministry of Transport in Sofia. The meeting was held in the English language.

The Delegations were represented as follows:

Mr. KALCHO HINOV -	Bulgarian Deputy Minister of Transport
Mr. RISTO ANDREEV -	Macedonian Under Secretary of Transport and Communications
Mr. SHKELQIM XIHAXIHU -	Albanian General Director of Transport
Ms. SUSAN WEIDNER -	Senior Commercial Officer, US Embassy in Sofia

The list of delegates and the agenda are annexed to this Protocol and are inseparable part of it.

The meeting was chaired by the Bulgarian Deputy Minister of Transport Mr. Kalcho Hinov. After the opening remarks of the chairman, the following agenda has been discussed and agreed:

1. Report on Fiscal Year 1997 SBDI Projects;
2. Report on Fiscal Year 1996 SBDI Projects;
 - Albanian Report;
 - Macedonian Report;
 - Bulgarian Report;
3. Report on status of East-West Corridor Prefeasibility study;
4. Report on TransEurasian Transport Conference in Almaty in Kazakhstan;
5. Report on SECI Group Meeting;
6. Report on preparation for Ochrid Roundtable;
7. Organisational issues
8. Other business.

Further to the discussions under **item one** of the agenda the following decisions have been reached:

1) The Co-ordinating Group (CG) approved the report of the consultant Mr. Sultan on the 1997 FY budget as well as the project specifications, proposed by the consultants in accordance with the attached Annex #2 and the modifications to it, resulting from the April discussion between TDA and Bechtel.

2) The CG approved the allocation of funds, proposed by the consultants.

3) The Albanian side suggested that additional funds are extended for the restoration of the railroad connection between Dures and Macedonia.

4) The Bulgarian side asked for additional funds for technical services on tender preparation for the Management Information Systems and Data Network Upgrade project for BDZ.

5) The two sides undertake to submit their official proposals in written form in the nearest future.

Further to the discussions under **item two** of the agenda the following decisions have been reached:

1) The CG approved the reports of the delegates on the development of the projects. The Albanian side reported some delay due to objective reasons and asked that BPC resume contact regarding the suspended approved procurement project. Macedonia and Bulgaria reported successful development of the projects.

Further to the discussions under **item three** of the agenda the following decisions have been reached:

1) The CG approved the information, presented by Mr. Sultan and evaluated positively the development of the project.

Further to the discussions under **item four** of the agenda the following decisions have been reached:

1) The CG approved Mr. Sultan's report on the Conference in Almaty. The CG believes it is appropriate that SBDI representatives should take part in the next conference in Almaty. Mr. Sultan shall get in touch with the organisers of the conference to convey our concerns and suggestions for next year.

Under **item five**. The following decision has been reached:

1) The CG estimates positively the opportunities for co-ordinated development of the transport networks in the region and for efficient removal of bottlenecks. The CG recognises the short-term objectives of each participating country in removing bottlenecks and would encourage the development of long-term objectives on integrating the SECI countries

transport networks. With view to this it will provide SECI with a copy of the protocol, following each SBDI CG meeting.

Under item six

1) The organiser of the Ochrid Roundtable will be TDA. The CG Secretariat and Bechtel shall provide the technical preparation for the Roundtable. They shall specify its duration, the potential number of participants and by June 20, shall also collect each country's list of projects to be presented at the Roundtable in order to submit them for approval to TDA, which, if possible, will return its answer to the three ministries as soon as possible.

Under item seven

1) The next, Sixth, meeting of the CG will take place in the week, beginning on September 15, 1997 in Skopje.

Drawn on June 2, 1997, in four counterparts in the English language.

**ALBANIAN MINISTRY OF INDUSTRY
TRANSPORTS AND TRADE:**


**SHKELQIM XHAXHIU
GENERAL DIRECTOR
OF TRANSPORT**

BULGARIAN MINISTRY OF TRANSPORT:


**KALCHO HINOV
DEPUTY MINISTER**

**MACEDONIAN MINISTRY OF
TRANSPORT AND COMMUNICATIONS:**


**RISTO ANDREEV -
UNDER SECRETARY**

MEMBERS OF DELEGATIONS

ALBANIA

Mr. Xhaxhiu, General Director of Transport

Mr. Behi, Ministry of Transport

MACEDONIA

Risto Andreev, Undersecretary of the Ministry of Transport and Communications

Svetlana Gjorgjeva, Ministry of Urban Planning, Construction and Environment - Department for Foreign Investments

Dragitsa Nikiforovich, International Transport Department, Ministry of Transport and Communications

BECHTEL

Sayed Sultan, Project Director

US EMBASSY IN BULGARIA

Susan Weidner, Senior Commercial Officer

Oullyana Kanelli, Commercial Service

BULGARIA

Kalcho Hinov, Deputy Minister of Transport

Anton Antov, Head of European Integration Department

Vessela Gospodinova, Head of Department with the Ministry of Transport

Simeon Evtimov, Deputy General Director of BDZ

Tatyana Savova, Expert with the Ministry of Transport

Virzhinia Meshineva, Secretary of Coordinating Group

FIFTH SBDI COORDINATING GROUP MEETING

JUNE 2, 1997

SOFIA, BULGARIA

AGENDA

- | | |
|---------------|--|
| 10:00 - 10:15 | Welcoming remarks, Introduction of delegates (Annex #1)
Mr. Kalcho Hinov, Deputy Minister of Transport of Bulgaria |
| 10:15 - 10:45 | Report on Fiscal Year 97 SBDI Projects (Annex #2)
Reporter Sayed Sultan
Discussion |
| 10:45 - 11:15 | Reports on Fiscal Year 96 SBDI Projects
Albania Report
Macedonia Report
Bulgaria Report |
| 11:15 - 11:30 | Coffee-break |
| 11:30 - 12:00 | Report on Status of East-West Corridor Prefeasibility Study (Annex #3)
Mr. Sayed Sultan
Discussion |
| 12:00 - 12:30 | Report on TransEurasia Transport Conference in Almati, Kazakhstan (Annex #4) |
| 12:30 - 14:00 | Lunch |
| 14:00 - 14:30 | Report on SECI Group Meeting (Annex #5)
Mr. Kalcho Hinov
Mr. Sayed Sultan |
| 14:30 - 15:00 | Report on Preparation for Ochrid Roundtable (Annex #6)
Macedonian delegation
Ms. Susan Weidner
Mr. Sayed Sultan
Discussion |
| 15:00 - 16:00 | Organization issues
Introduction of CG Secretary
Secretariat Statement
Ms. Virginia Meshineva
Date and venue for Sixth CG Meeting
Other issues and discussion |

MEMBERS OF DELEGATIONS

ALBANIA

Mr. Xhaxhiu, General Director of Transport

Mr. Bebi, Ministry of Transport

MACEDONIA

Risto Andreev, Undersecretary of the Ministry of Transport and Communications

Svetlana Gjorgjeva, Ministry of Urban Planning, Construction and Environment - Department for Foreign Investments

Dragitsa Nikiforovich, Integrational Transport Department, Ministry of Transport and Communications

BECHTEL

Sayed Sultan, Project Director

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Simeon Evtimov, Deputy General Director of BDZ

Tatyana Savova, Expert with the Ministry of Transport

Virzhinia Meshineva, Secretary of Coordinating Group

Status of East-West Corridor Transport Study

Fifth SBDI Coordinating Group
Meeting

June 2, 1997

Sofia, Bulgaria

East-West Corridor Alternatives

- Three alternate rail and highway routes through Bulgaria
- Two alternate rail and highway routes through Macedonia
- One rail and highway route through Albania
- Portions of corridor routes common with other international corridors

Existing Corridor Conditions

- Major physical gaps in rail corridor
- Except for Albanian routes, corridor facilities are in a fair physical shape
- Safety concerns along some Bulgarian routes; climbing lanes, signs, striping, etc..
- Many highway routes go through towns and villages posing potential capacity constraint
- Generally, no capacity constraints seem evident along corridor routes

Major Projects In Progress

- Rehabilitation of Bulgarian Railways
- Kumonovo-Bulgarian border railway
- Plovdiv-Svlingrad Motorway
- Skopje-Tetovo Motorway
- Kriva Palanka-Bulgarian Border Highway
- Sofia and Skopje By-pass Highways
- Improvement of Duress - Kafasan highway
- Improvement of Duress port

Traffic Forecasting Philosophy

- Local, national, bi-national and multi-national traffic movements
- Limited identifiable near-term future demand
- Would supply of transport infrastructure spur economic development in region?
- Drivers of economic development; heavy industry, light industry, agriculture, services, tourism, or all of the above

Traffic Forecasting Philosophy

- Economic development focus will influence type, size, and finance of transport facilities
- Corridor as an important link in other international corridors; global perspective
- Using transport capacity as a proxy for traffic forecasts, at least in the short-term.
- Would conditional forecasting be useful?

Corridor Development Strategy

- Emphasize, in the short term, good maintenance, efficient operation, safety improvements and technical training
- Institute fair user charges and dedicate revenues to finance transport projects
- Leverage available foreign funds with local resources
- Simplify and streamline border crossing operations

Corridor Development Strategy

- Emphasize focused implementation projects and reduce general feasibility studies
- Adopt an incremental approach with small but concrete improvements at the expense of grandiose plans
- Differentiate between political/strategic projects and those supported by sound economic and financial fundamentals
- Capitalize on on-going regional and global developments

PROTOCOL

SOUTH BALKAN DEVELOPMENT INITIATIVE SIXTH CO-ORDINATING GROUP MEETING

***September 8, 1997
Skopje, Macedonia***

Today, September 8, 1997, the delegations of the Albanian, Macedonian and Bulgarian Ministries of Transport, and representatives of the United States Government and TDA held the Sixth Co-ordinating Group meeting at the Ministry of Transport and Communications in Skopje.

The Delegations were represented as follows:

Mr BRANKO PETKOVSKI -	Deputy Minister of Transport and Communications of Macedonia
Mr KALCHO HINOV -	Deputy Minister of Transport of Bulgaria
Mr SADEDIN CELIKU	Deputy Minister of Public Works and Transport of Albania
Ms SUSAN WEIDNER -	Senior Commercial Officer, US Embassy in Sofia
Mr. Rod Azama	Regional Director, Europe, TDA

The list of delegates and agenda are annexed to this Protocol and are inseparable part of it.

The meeting was chaired by the Macedonian Deputy Minister of Transport and Communications, Mr. Branko Petkovski. Following the Chairman's opening remarks, the meeting discussed and agreed upon this agenda:

1. Information of the Bourgas Meeting of the Ministers of Transport, 1-3 September 1997; Kalcho Hinov
2. Status of on-going FY-96 projects; TDA
 - General Progress on FY 96 projects; TDA
 - Status of the East-West Transport Corridor Study; Bechtel
3. New Projects
 - Report on FY 97 Projects; TDA
 - Report on the Port of Bourgas Prefeasibility Study; Bechtel
4. Discussion of Ohrid Roundtable - Schedule, Attendance, Programs, and Activities; All
5. Other items, Conclusions, and Protocol.

Further to the discussions under **item one** of the agenda, the following decisions were reached:

The meeting approved Mr. Hinov's presentation and agreed that the meeting was an important step in implementing the idea of extending Corridor VIII and its development into a transcontinental link. The established contacts with the Central Asian and Caucasus countries, as well as with the other countries interested in the corridor will serve as the basis for further practical activities. The Bourgas meeting proved the necessity of developing Corridor VIII as the basic link between Europe and Asia. The origin of traffic flows from Central Asia to Europe will find its alternative in this corridor. The participation of Turkey, Greece and Italy, as well as of the EU representative proved the big interest of the EU and NATO countries in the Corridor's establishment.

Further to the discussions under **item two** of the agenda the following decisions were taken:

Regarding the general progress of FY-96 projects, the delegations agreed that there is a continuity in the project implementation and that all offered projects were duly treated by TDA.

The meeting approved Dr. Sultan's presentation of the East-West Transport Corridor Study and agreed with him that right now it is important to stress the international significance of the Corridor, not only for the countries through whose territory it passes but also for the other Balkan countries, Western Europe, Central Asia and the USA. For this reason the delegations agreed on the need to look for international financing for the corridor's realization.

Bechtel announced that they would finish their feasibility study by the end of 1997 and would distribute their report soon after.

The delegations agreed to submit their comments, opinions and suggestions on the East-West interim report in writing within two weeks in order for the Secretariat to transfer them to TDA and Bechtel.

A uniform template of projects and evaluation criteria will be sent by Bechtel to the three countries via the Secretariat in order to identify and prioritize potential projects along the East-West Corridor.

Mr. Rod Azama informed the meeting of the Black Sea and Caspian Sea Transportation Conference to be held in Istanbul in April or May next year. The Coordinating Group agreed to prepare a list of the people who would represent the common interests of the three countries, participating in the SBDI.

Under **item three**:

The meeting approved TDA's report on the on-going and new FY-97 projects: the electrification of the Plovdiv - Svilengrad railway link, the rail crossings safety panels, the fibre optic cabling, the Port of Bourgas feasibility study, the spare parts for locomotives in Macedonia, the study and completion of the Albania-Durres-Macedonia railway connection - including restoration, and the Ohrid Business Roundtable.

Further to the discussions under **item four** of the agenda the participants :

The delegations decided to hold the Roundtable in the first half of May 1998.

The meeting decided to invite members of the SBDI Coordinating Group, representatives of the governments of all interested countries, transport operators, engineering and construction companies (both US and domestic ones), representatives of the investment communities (commercial banks, IFI, Foreign Bilateral Lenders, private investors, TDA, EXIM, OPIC and AID). They also decided to invite government representatives from Italy, Greece and Turkey as observers, They agreed to invite Georgia as an observer too after consideration on the part of TDA.

The delegations agreed that the Roundtable should be held at the highest possible level of all parties present.

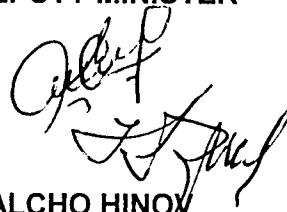
TDA undertook to provide all necessary administrative, logistical and financial arrangements for the meeting.

The Seventh CG meeting will take place on November 17, 1997 in Tirana. Modal representatives from each country will attend and report on their projects.

Drawn on September 8, 1997, in four identical copies in the English language.

**ALBANIAN MINISTRY OF PUBLIC WORKS
AND TRANSPORT:**

**SADEDIN CELIKU
DEPUTY MINISTER**

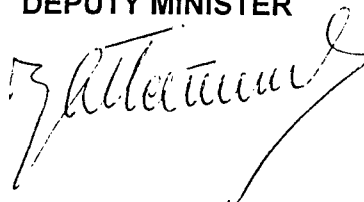


BULGARIAN MINISTRY OF TRANSPORT:

**KALCHO HINOV
DEPUTY MINISTER**

**MACEDONIAN MINISTRY OF
TRANSPORT AND COMMUNICATIONS:**

**BRANKO PETKOVSKI
DEPUTY MINISTER**



COMPOSITION OF DELEGATIONS

ALBANIA

**Sadedin Celiku, Deputy Minister of Public Works and Transport
Sotir Bebi, Advisor to the Minister, Ministry of Public Works and Transport
Ilia Cili, Expert in Foreign Relations Department**

BECHTEL

**Sayed Sultan, Project Manager, SBDI Technical advisory Services Project
and Chief Transportation Planning Engineer, Bechtel Incorporated Inc.**

BULGARIA

**Kalcho Hinov, Deputy Minister of Transport
Virzhinia Meshineva, SBDI Secretary**

MACEDONIA

**Branko Petkovski, Deputy Minister of Transport and Communications
Risto Andreev, Undersecretary, Ministry of Transport and Communications
Zoran Crvenkovski, Ministry of Transport and communications
Jasmina Karovska, Ministry of Transport and Communications
Biljana Panovska - Gavrilova, Senior Advisor, In, Ministry of Transport and
Communications
Svetlana Gjorgjeva, Advisor, Ministry of Urban Planning, Construction and
the Environment**

US GOVERNMENT

**Susan Weidner, Senior Commercial Officer, US Embassy in Sofia
Uliana Kanelli, Senior Commercial Specialist, US Embassy in Sofia
Rodney Azama, Regional Director, Europe, TDA
Lance Ludman, Project Analyst, TDA
Azil Gezen, TERA Consulting, Bechtel Subcontractor for the East-West
Corridor Study**

PRE-FEASIBILITY STUDY OF PORT OF BOURGAS CONTAINER TERMINAL

**Presented to:
Ministry of Transport
9/11 Levski Street
1000 Sofia, Bulgaria**

**Prepared by:
Bechtel International, Inc.**

**In Association With:

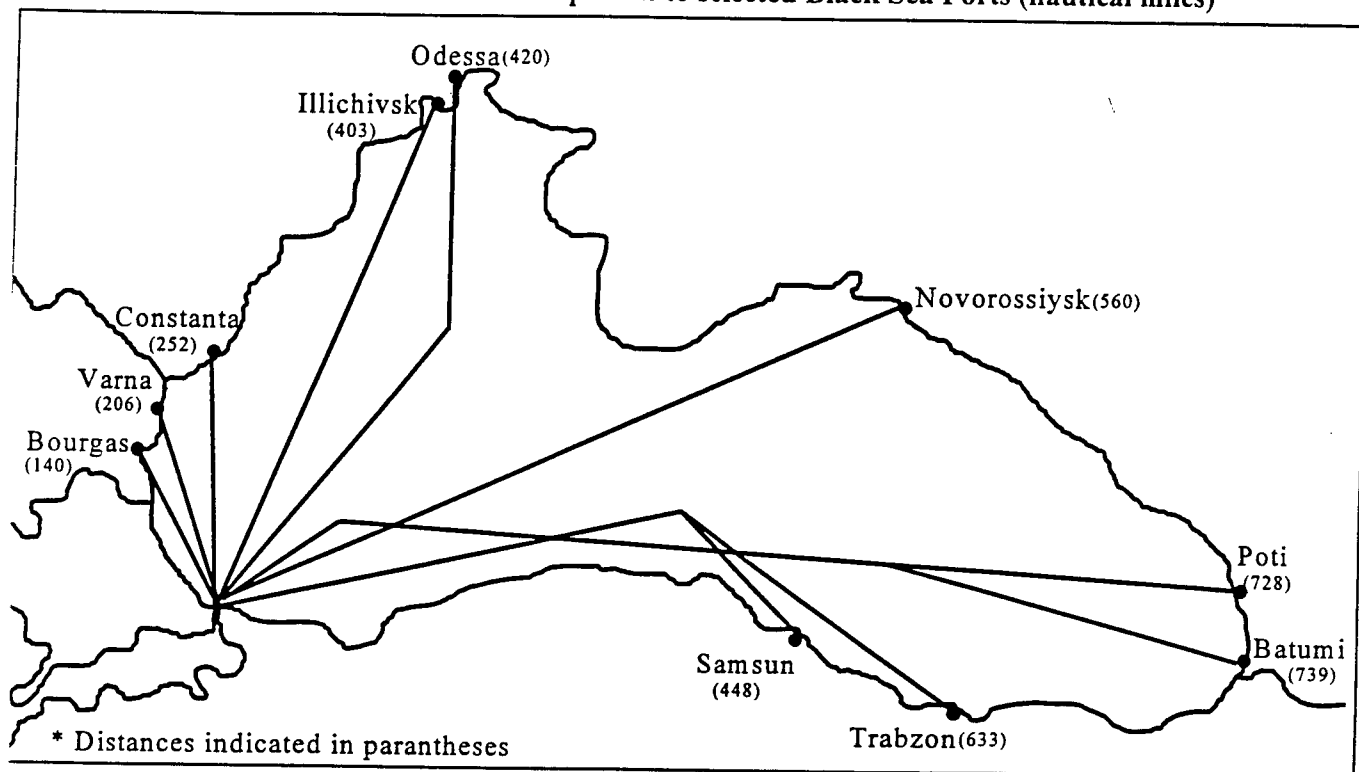
Transportation and Economic Research Associates, Inc. (TERA)
And Institute of Transport and Communication - Sofia**



This report was funded by the U.S. Trade and Development Agency (TDA), an export promotion agency of the United States Government. The opinions, findings, conclusions, or recommendations expressed in this document are those of the contractor and do not necessarily represent the official position or policies of TDA.

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Distance from the Mouth of Bosphorus to selected Black Sea Ports (nautical miles)*



**Round Trip Steaming Times
to/from Rumeli, Turkey (Hours)**

Black Sea Port(s)	One-way Distance (nautical miles)	Full Speed (knots)	Steaming Time/ Trip (Hours)	Time Savings/Trip for Bourgas (Hours)
Bourgas	140	18 25	15.5 11.2	0 0
Varna	206	18 25	22.9 16.5	7.4 5.3
Ilyichevsk/ Odessa	412	18 25	45.8 33.0	30.3 21.8
Novorossiysk	560	18 25	62.2 44.8	46.7 33.6
Samsun/ Trabzon	541	18 25	60.1 43.3	44.6 32.1
Poti/ Batumi	734	18 25	81.6 58.6	66.1 47.4

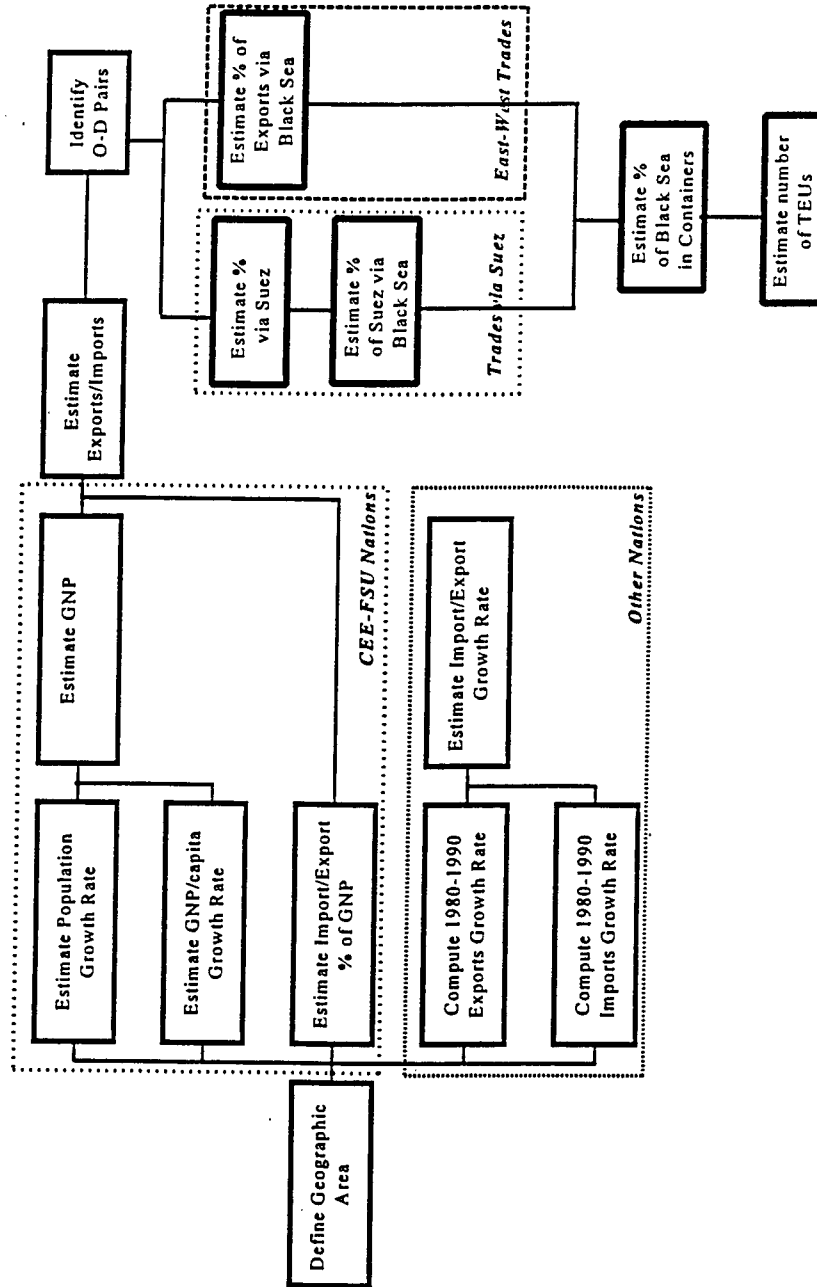
CONTAINER SUPERPORT POTENTIAL

➤ PROXIMITY

➤ CONTAINER SHIP OPERATIONS

➤ MARITIME SAFETY

Conceptual Framework of Approach Used for Container Traffic Projections



Geographic Area of Reference

<p>European Economic Community (EEC):</p> <p style="text-align: right;">Austria Belgium-Luxembourg Denmark Finland France Germany Greece Ireland Italy Netherlands Portugal Spain Sweden United Kingdom</p> <p>North Africa:</p> <p style="text-align: right;">Algeria Morocco Tunisia Egypt Libya</p> <p>Middle East:</p> <p style="text-align: right;">Kuwait Saudi Arabia Iran Iraq Jordan Syria Turkey</p> <p>ASEAN Bangkok Agreement</p>	<p>Central and Eastern Europe (CEE):</p> <p style="text-align: right;">Albania Bulgaria Croatia Czech Republic Hungary Macedonia Poland Romania Slovak Republic Slovenia</p> <p>Former Soviet Union (FSU):</p> <p style="text-align: right;">Armenia Azerbaijan Belarus Estonia Georgia Kazakstan Kyrgyzstan Latvia Lithuania Moldova Russian Federation Tajikistan Turkmenistan Ukraine Uzbekistan</p> <p>North America Japan Other S. & S.E. Asia</p>
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Summary Containerized Cargo Trade Projections

(\$ million)

	2000	2005
Via Suez Canal	11,281.8	17,417.1
East-West axis	2,715.7	3,769.3
Total	13,997.5	21,186.4

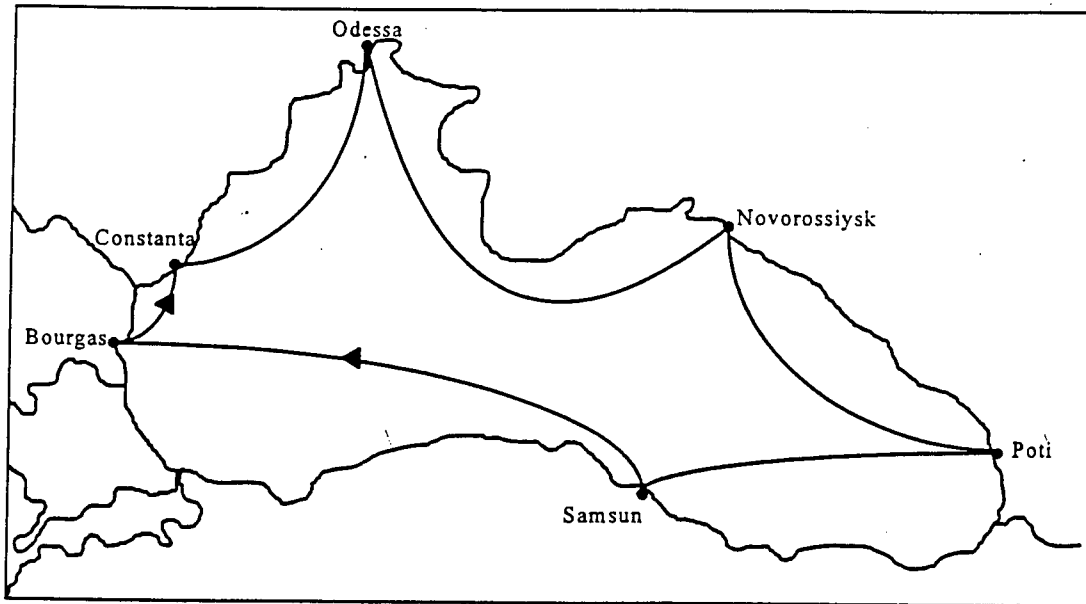
(TEU)

	2000	2005
Loaded	157,350	236,320
Empty	78,675	118,160
Total	236,025	354,480

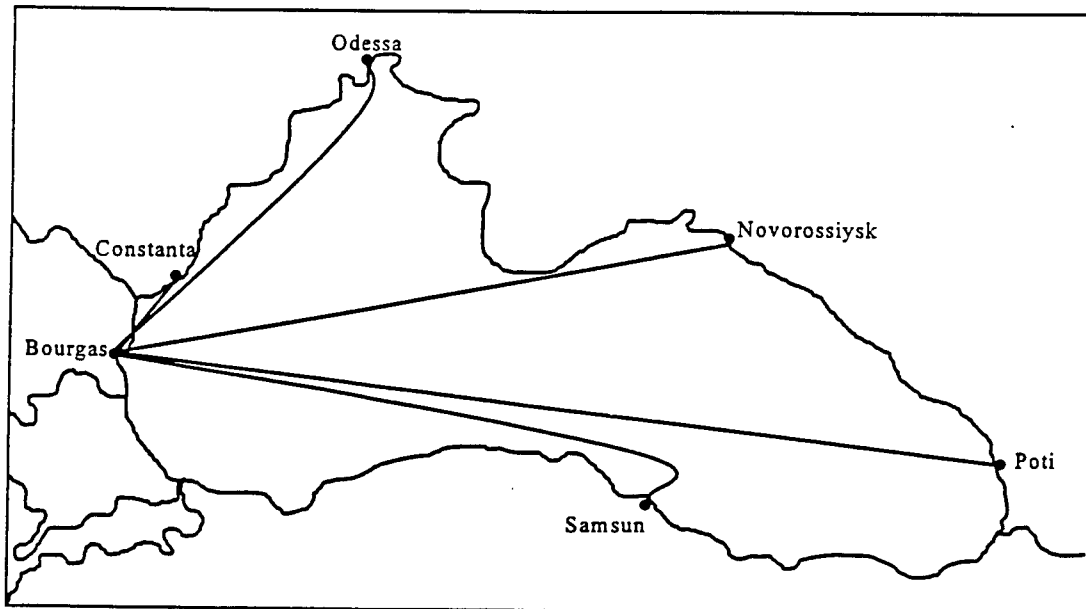
One-way Transit Time Differentials

To/from	One-way Voyage Distance to Rumeli (Nautical Miles)	Transit Time (Hours) by Service Alternative		
		1	2	3
Bourgas	2,000	119	86	86
	4,000	230	166	166
	8,000	452	326	326
Constantza	2,000	125	92	92
	4,000	236	172	172
	8,000	458	332	332
Odessa	2,000	134	125	108
	4,000	245	205	188
	8,000	467	365	348
Novorossiysk	2,000	142	171	121
	4,000	253	251	201
	8,000	476	411	361
Poti	2,000	152	214	134
	4,000	263	294	214
	8,000	485	454	374
Samsun	2,000	136	257	120
	4,000	247	337	200
	8,000	469	497	360

Ring Feeder Service



Direct Feeder Service



**Preliminary Financial Projections For
New Container Terminal
(\$ Thousand)**

Description	2000	2005
Revenues:		
Pilotage	633.6	950.4
Forwarding: Loaded	251.8	378.1
Empty	62.9	94.5
Gantry Cranes	319.6	479.4
Forklifts (4 cycles/TEU)	1,888.2	2,835.8
Tractor-Trailers (2 cycles/TEU)	1,302.1	1,955.5
Storage (10 days/TEU)	2,360.3	3,544.8
Handling: Loaded (2/TEU)	2,926.7	4,395.6
Empty (2/TEU)	590.1	886.2
Transshipment (2/TEU)	1,227.3	1,843.3
Dockage (240 meters/ship)	243.3	365.0
Vessel (30,000 GRT)	6,336.0	9,504.0
Total	18,141.9	27,232.6
Expenses:		
Labor and Fringe Benefits	6,047.3	9,077.5
Materials, services, & other expenses	6,047.3	9,077.5
General & administrative costs	2,449.2	3,676.4
Total	14,543.8	21,831.0
Operating Income	3,598.1	5,401.2
Debt Service:		
Interest	2,409.5	2,123.5
Principal	505.6	791.7
Total	2,915.1	2,915.2
Net Income Before Taxes	3,092.5	4,609.5

TASKS FOR RECOMMENDED FEASIBILITY STUDY

Task #	Description
1	Review of past & current activities
2	Inventory of current facilities
3	Traffic forecasts
4	Components of new intermodal facilities
5	Communication & navigational aids
6	Master Plan
7	Economic and financial forecasts
8	Environmental impacts
9	Personnel requirements
10	MIS requirements
11	Institutional structure

PROTOCOL

SOUTH BALKAN DEVELOPMENT INITIATIVE SEVENTH CO-ORDINATING GROUP MEETING

December 10, 1997
Tirana, Albania

Today, December 10, 1997 the delegations of the Albanian, Macedonian and Bulgarian Ministries of Transport, and representatives of the US Government, TDA and Bechtel held the Seventh Co-ordinating Group meeting in Tirana International hotel in Tirana.

The delegations were represented by:

MR. SADEDIN CELIKU -	Deputy Minister of Public Works and Transport of Albania
MR. BRANKO PETKOVSKI -	Deputy Minister of Transport and Communications of Macedonia
MR. KALCHO HINOV -	Deputy Minister of Transport of Bulgaria
MS. SUSAN WEIDNER -	Senior Commercial Officer, US Embassy, Sofia
MR. ROD AZAMA -	Regional Director, Europe, TDA
DR. SAYED SULTAN -	Bechtel International Inc.

The members of the delegations are annexed to this Protocol.

The meeting was chaired by the Albanian Deputy Minister of Public Works and Transport, Mr. Sadedin Celiku. The delegates agreed upon the following agenda:

1. Advance of projects for FY - 96
2. Advance of projects for FY - 97
3. Transregional issues
4. Presentations from representatives of the transport sectors in Albania
5. Relations between SECI and SBDI
6. Preparation for the Ohrid Roundtable
7. Preliminary discussion of projects for FY-98
8. Other items, conclusion and protocol

The heads of delegations addressed the meeting to stress the significance of the initiative not only for the economies of the participant countries but also for the good relations between them and peace in the region. They further expressed the opinion that the initiative will certainly have a long life and it would be useful to try and expand it to cover other sectors besides transport,

such as energy, oil and gas, telecommunications, etc., if additional funding is received. They pointed out that SBDI would eventually develop Corridor VIII into a transcontinental one. Everybody acclaimed TDA's most successful support and commitment to the region.

Under **item one** the delegations acknowledged the successful advance of the projects. The Albanian delegation asked for TDA's assistance in accelerating the procurement of the maintenance equipment for the road sector. Mr. Azama said the solicitation would start as soon as the Albanian Ministry approved the final specifications. As regards the fibre optic cable for Bulgaria, Mr. Azama said they were waiting for BDZ to appoint their contractor for the installation regarding the Macedonian rail study. Regarding the Macedonian rail study, the Coordinating Group agreed to extend Wilbur Smith's term by one month in order to allow them to complete their study. All delegations expressed their concern about Sea Land's obligations. Dr. Azama informed them that Sea Land had promised to get in touch with the ministries in order to extend the term of their contract; and to complete their studies before the Ohrid Round Table.

The CG expressed its high appreciation of Bechtel's studies and of Dr. Sultan's personal contribution. Bechtel announced they were going to finish their report on time.

Under **item two** Albania said they were going to present a list of the equipment to be bought with the allotted funds. Macedonia said it could not complete the railway line out of its own funds and need support. Bulgaria asked for more consulting support for the Plovdiv - Turkey railroad electrification.

The CG listened to Dr. Sultan's presentation and assessed Bechtel's project as very realistic. They appreciated the great efforts put in its preparation, and agreed to assist in providing the necessary information in order to do some things more precisely. They confirmed their agreement to continue working with Bechtel as a consultant as regards the technical studies. They also proposed to consider hiring a financial consultant as well in order to try and find the best possibilities for financing the projects under the initiative.

Under **item three** the delegations approved Mr. Hinov's presentation of the latest events related to Corridor VIII. He informed the group of the meetings in Italy, Central Asia and the Caucasus region as well as about the latest developments in Bulgaria's relations with Turkey. They agreed that co-operation with more countries to make the corridor transcontinental will promote better economic relations with them. They supported the idea that the corridor should also develop in parallel with oil and gas pipelines in the region.

Mr. Azama informed the CG of the CG of the business conference to be held on 27-29 May in Istanbul. The delegations declared their interest in taking part

in it. Mr. Azama also announced there will be a large oil and gas conference in Baku, Azerbaidjan, the week after Istanbul. The CG considered it appropriate to hold the Ohrid Roundtable right after Istanbul in order to use the presence of the many companies in the region.

Under **item four** the Albanian delegation informed the CG of its work on projects in the fields of legislation, construction, administration restructuring and consulting support together with other programs and financial institutions such as the WB and PHARE.

The Albanian side appreciates the great transport and political importance of the port of Vlore as the second western gate to the corridor. The CG fully accepted the idea of including the Port of Vlore in Bechtel's study.

The Albanian delegation also pointed out that the following road connections are of priority significance:

- Durres - Tirana - Elbassan
- Vlore (Durres) - Rrogozhine - Elbassan

Under **item five** Mr. Azama presented the SECI initiative in brief and distributed the latest material on border crossings to be discussed by the CG. The CG agreed that SECI is a useful initiative, and it could contribute to harmonizing administrative procedures at border crossings or in providing political support in seeking funding for concrete projects. They decided it would be best to have a synergy between the two initiatives.

Mr. Milai informed of the last SECI meeting in Rhodes.

Mr. Petkovski said that within the border facilitation program the WB would be willing to finance 50 projects. Relations between the two programs could be very fruitful and the three countries should react on time.

Under **item six** Mr. Azama presented a detailed program for the Ohrid Roundtable. He pointed out that it should be a very informative and communicative event. He added TDA would be selecting the company to organize the event the following Monday. The contractor will prepare a Briefing Book with specific and detailed information on the projects to be presented to the participants. TDA has envisaged incentives for the contractor if it recruits companies to take part in the event.

Each of the three countries will host a dinner to which a big company could be invited in order to share their experience from other countries.

Asked to discuss the relationship between Ohrid and the Istanbul conference, Mr. Azama said in Istanbul there would not be as specific information exchanged on transportation projects. Istanbul should attract attention but not

give away the details. Istanbul will also address mining, minerals, and oil and gas issues.

Mr. Azama requested the delegations to give a single name of the coordinator for each country. The CG agreed that for Bulgaria this should be Mr. Hinov, for Macedonia Mr. Branko Petkovski and for Albania Mr. Celiku.

Under **item seven** Mr. Antov reported that BDZ request general support for finishing the construction and equipment for the section from the Macedonian border to Sofia as well as for co-operation with American partners for the production and repair of locomotives. They also proposed a pilot project for the repair of three diesel locomotives. The Bulgarian roads administration seeks assistance for rehabilitation of road segments between Sofia and the Macedonian border.

Mr. Azama informed that GM representatives are going to visit Sofia to discuss the project. He added that USD 300,000 have been envisaged for the feasibility study of the container terminal in Bourgas. A company willing to put on additional 100,000 USD into the project.

Mr. Petkovski said maximum activation of participants in the project on the railway link between Sofia and Skopje is necessary. The Macedonian Government has already invested \$100 million of its own funds and very much insists that the project should be completed. For FY-98 they will submit a list of priority projects including:

- supply of automatic traffic counting devices
- special machinery for maintenance of trunk and regional roads intended for Macedonia Pat
- spare parts for locomotives, produced by GM and intended for MZ for continuity in the locomotive maintenance.

Support will also be necessary for equipment for the air traffic control services. Mr. Petkovski pointed out that the feasibility studies should most of all prove the priority of projects for the corridor.

Mr. Xhaxhiu said the Albanian side has faced the same difficulty of having a multitude of urgently needed projects for the corridor and insufficient funds. Some of the projects are undoubtedly of first priority, e.g. the container terminal in Durres and the construction of the port of Durres as an intermodal one. He added that the needs of railroad maintenance machines will be assessed, as well as of telecommunications equipment for the railways. The Albanian side is going to submit a list of its priority sites to TDA.

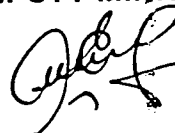
Under **item eight** the CG expressed its satisfaction of its co-operation with Bechtel and BPC. Mr. Azama informed he would renew Bechtel's contract and the contracts of the other consultants.

The CG agreed to convene again in **late February in Sofia**. Before the next meeting all countries should submit to Dr. Sultan their projects for Ohrid. If needed the CG agreed to meet also in April, possibly in Tirana. For the final preparation for the Ohrid Roundtable the CG will meet again on June 1, 1998 in Ohrid and immediately after the Roundtable to summarize its results.

Signed on December 11, 1997 in four identical copies.

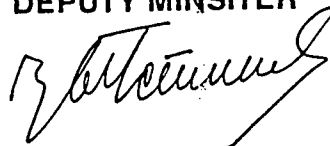
**ALBANIAN MINISTRY OF PUBLIC WORKS
AND TRANSPORT:**

**SADEDIN CELIKU
DEPUTY MINISTER**



**MACEDONIAN MINISTRY
OF TRANSPORT AND COMMUNICATIONS:**

**BRANKO PETKOVSKI
DEPUTY MINISTER**



BULGARIAN MINISTRY OF TRANSPORT:

**ANTON ANTOV
HEAD OF DEPARTMENT**



MEMBERS OF DELEGATIONS

ALBANIA

Mr. Sadedin Celiku, Deputy Minister of Public Works and Transport
Mr. Cili, Head of Foreign Relations Department
Mr. Milai, Expert, Foreign Relations Department
Mr. Gezim Bimbli, Director, General Road Directorate
Mr. Shkelqim Xhaxhiu, Director of Transport Development Directorate
Mr. Spartak Sollaku, Expert, Railway Division

BECHTEL

Mr. Sayed Sultan, Project Director, Bechtel International Co.

THE REPUBLIC OF BULGARIA

Mr. Kalcho Hinov, Deputy Minister of Transport
Mr. Anton Antov, Head of Foreign Transport Policy Division
Mr. Vassil Kostov, Economic and Commercial Counsellor of Bulgaria, Tirana
Ms. Virzhinia Meshineva, SBDI Secretary

FYR OF MACEDONIA

Mr. Branko Petkovsi, Deputy Minister of Transport and Communications
Mr. Krume Eftimovski, Advisor of Embassy of Macedonia in Tirana
Ms. Dragica Nikiforovic, Advisor, Ministry of Transport and Communications
Ms. Jasmina Karovska, Advisor, Ministry of Transport and Communications

US GOVERNMENT

Mr. Rodney Azama, TDA Director for Europe
Ms. Susan Weidner, US Trade Attache in Sofia
Ms. Uliana Kanelli, Commercial Specialist, US Embassy Sofia
Mr. Frederic Baron, US Economic and Commercial Officer, Tirana
Ms. Lynn Gurian, US Political Officer, Tirana
Mr. Omer Dashi, Commercial Assistant, US Embassy, Tirana

EAST-WEST TRANSPORT CORPORATION

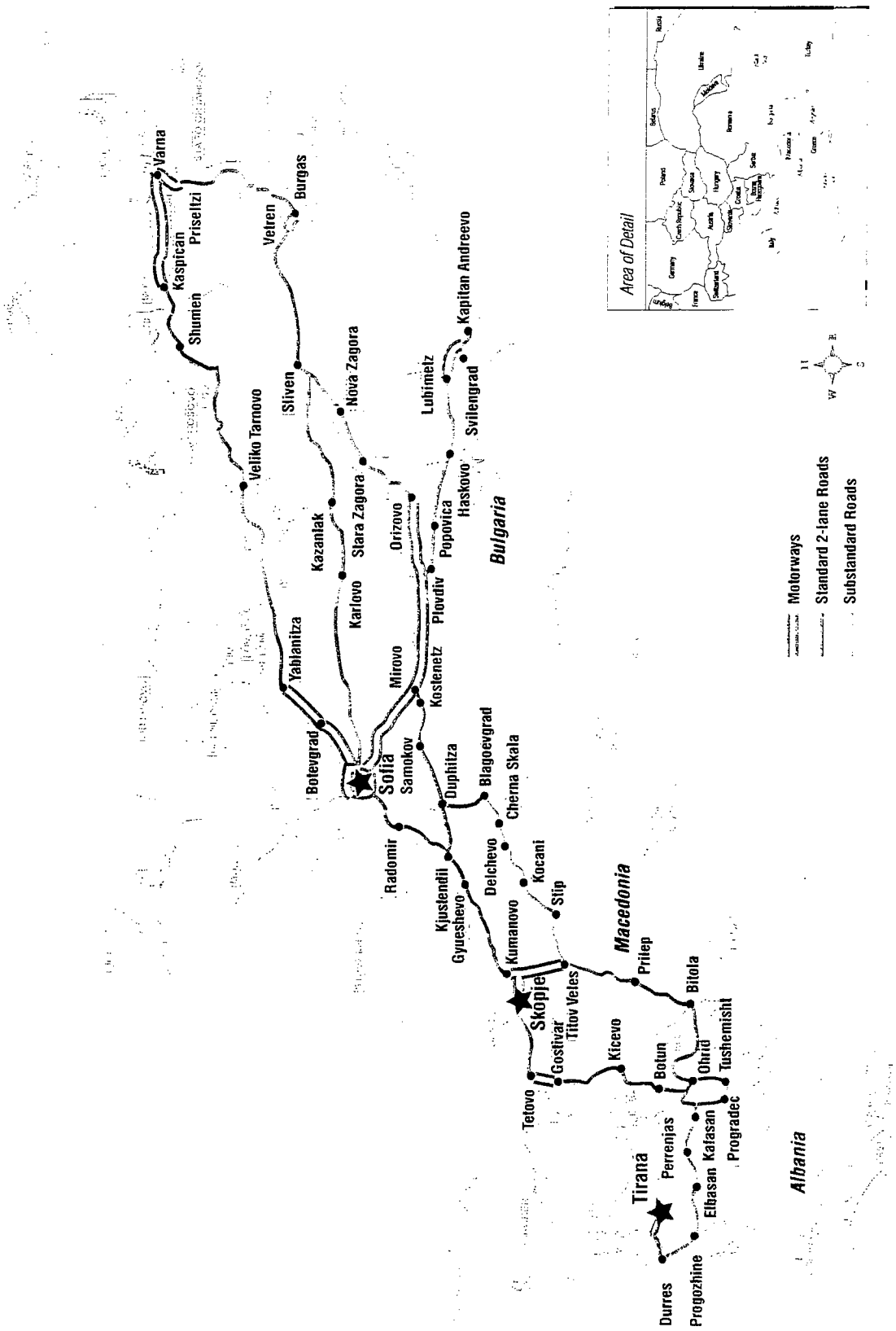
Status Report
Seventh CG Meeting
Tirana, Albania

Bechtel

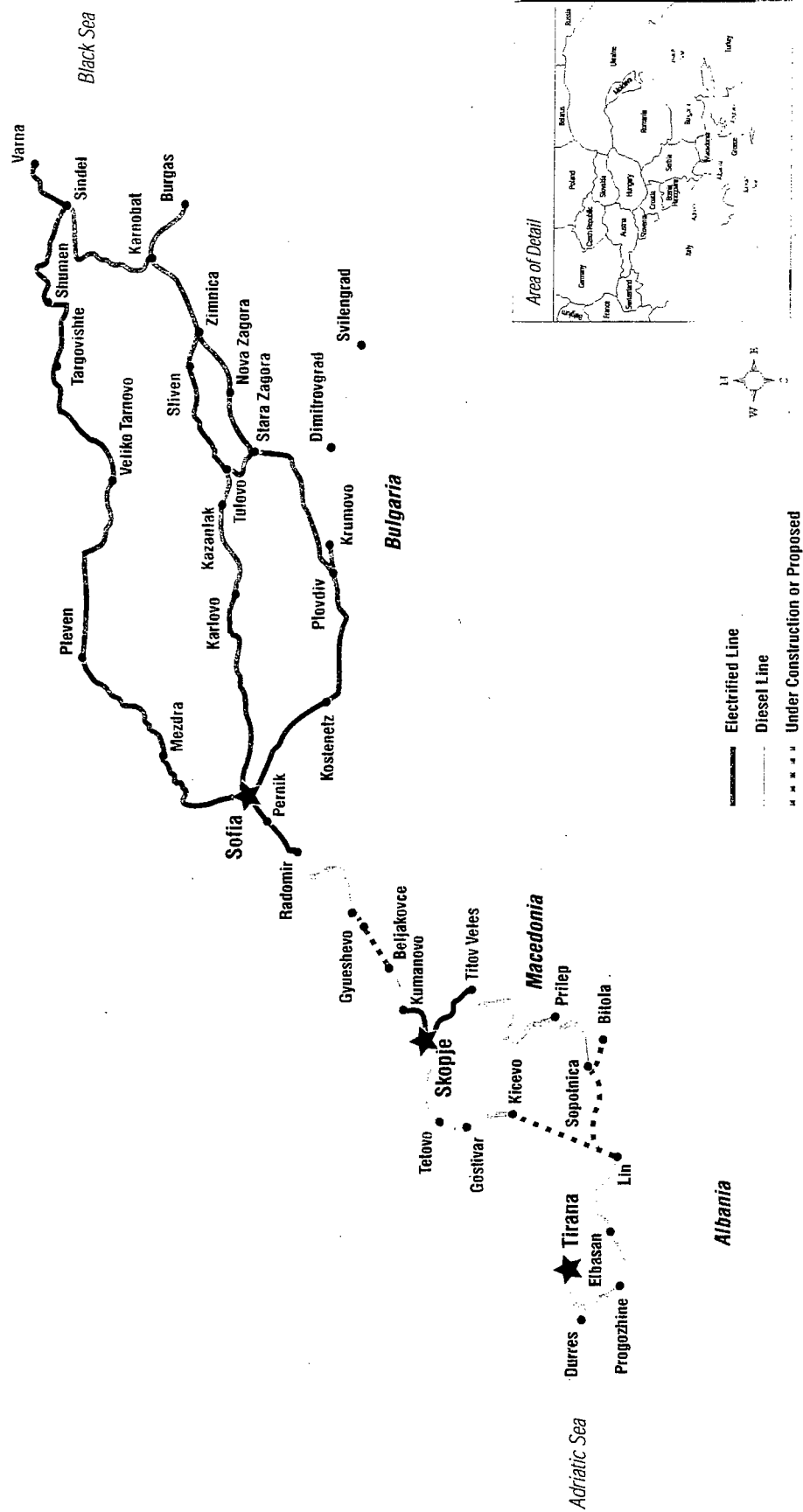
December 10, 1997



East-West Transport Corridor Existing Road Network



East-West Transport Corridor Existing Rail Network





Cooperation in Transport Infrastructure Development

Capacity constraints

Safety concerns

Adherence to International-European standards

Corridor continuity

Strategic objectives



Develop a continuous, safe, and operationally efficient primary road corridor route by 2003

Develop a primary rail and road corridor routes that conform to European (TEM) and International (UIC) standards by 2010

Develop secondary rail and road corridor routes to conform to European (TEM) and International (UIC) standards by 2020



RECHERCHES SUR L'ÉVALUATION DES BÉNÉFICES ÉCONOMIQUES

Short term : 1998 - 2003
Intermediate term : 2003 - 2010
Long term : 2010 - 2020



- 1. **Divide highway routes into segments**
- 2. **Record existing physical characteristics for each segment**
- 3. **Calculate traffic capacity for each segment**
- 4. **Forecast traffic for the short, intermediate and long term**
- 5. **Calculate volume/capacity ratio for each segment**



- Propose improvement schemes for segments that exhibit a v/c ratio above 0.8
- Roll over proposed improvements between time frames
- Designate primary and secondary highway routes along the corridor
- Superimpose "other" improvement strategies over capacity improvements



ANALYSE DES IMPACTS ENVIRONNEMENTAUX

- Adopt a global overview of traffic growth in relation to growth in GDP and car ownership levels
- Catch up with current average European ownership and travel standards by 2020
- Local demands are more predictable than regional and international demands
- Impacts of external projects on demands



Short term will be a period of organization, preparation, design and construction. Assume annual growth of 3.5%

Intermediate term will witness vigorous growth as projects spur developments and demands. Assume annual rate of 6.5%

Long term will be a period of mature growth. Assume annual rate of 4.0%

Short Term Plan: 1998 - 2003

Build 4-lane Motorways:

Varna - Burgas (87 km)

Burgas - Orizivo (190 km)

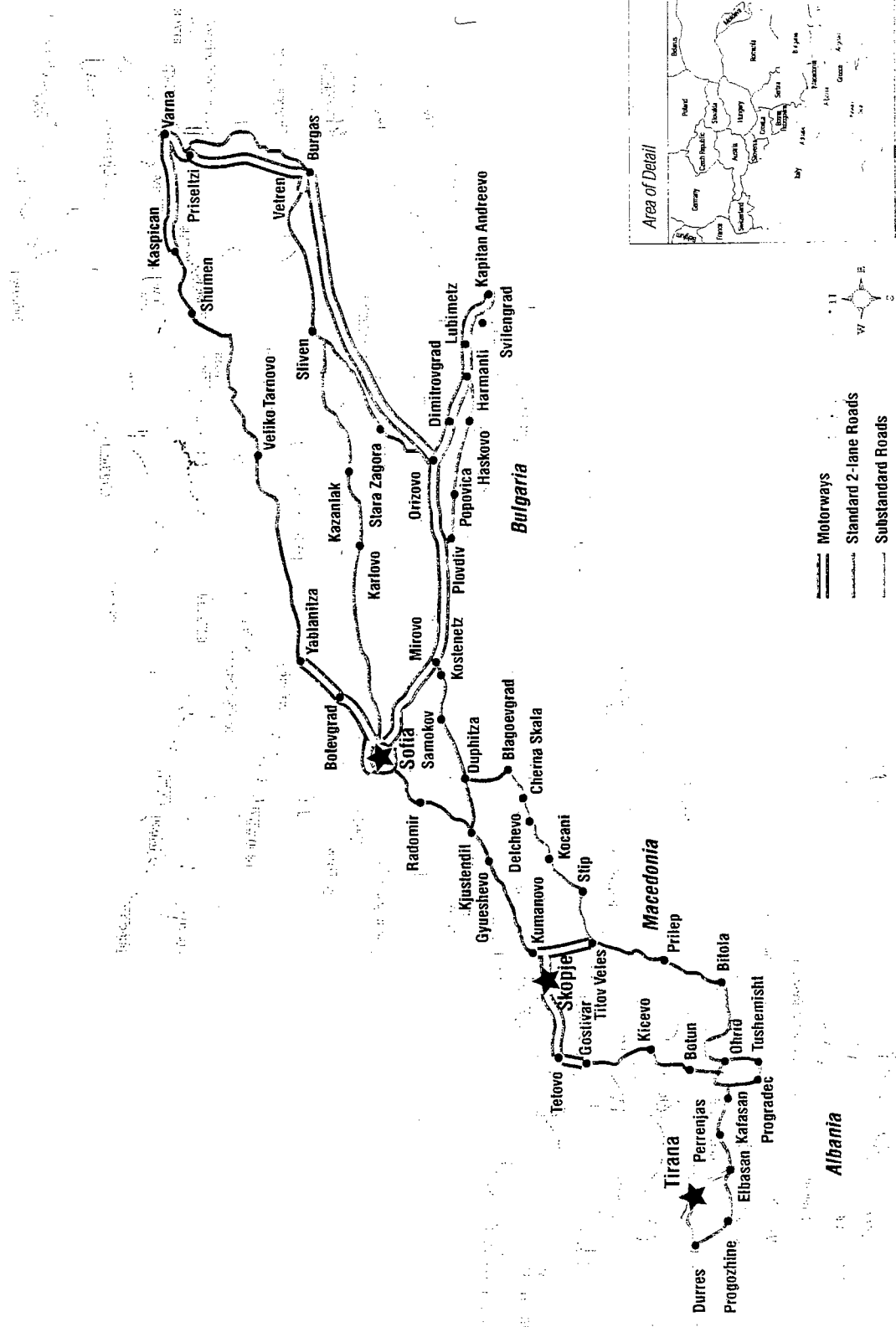
Orizivo - Kapitan Andreevo (108 km)

Skopje - Tetevo (36 km)

Rehabilitate Durres - Kafasn road (145 km)

Bring the remainder of the primary corridor routes to a standard 2 lane design (108 km)

Proposed Year 2003 Road Network

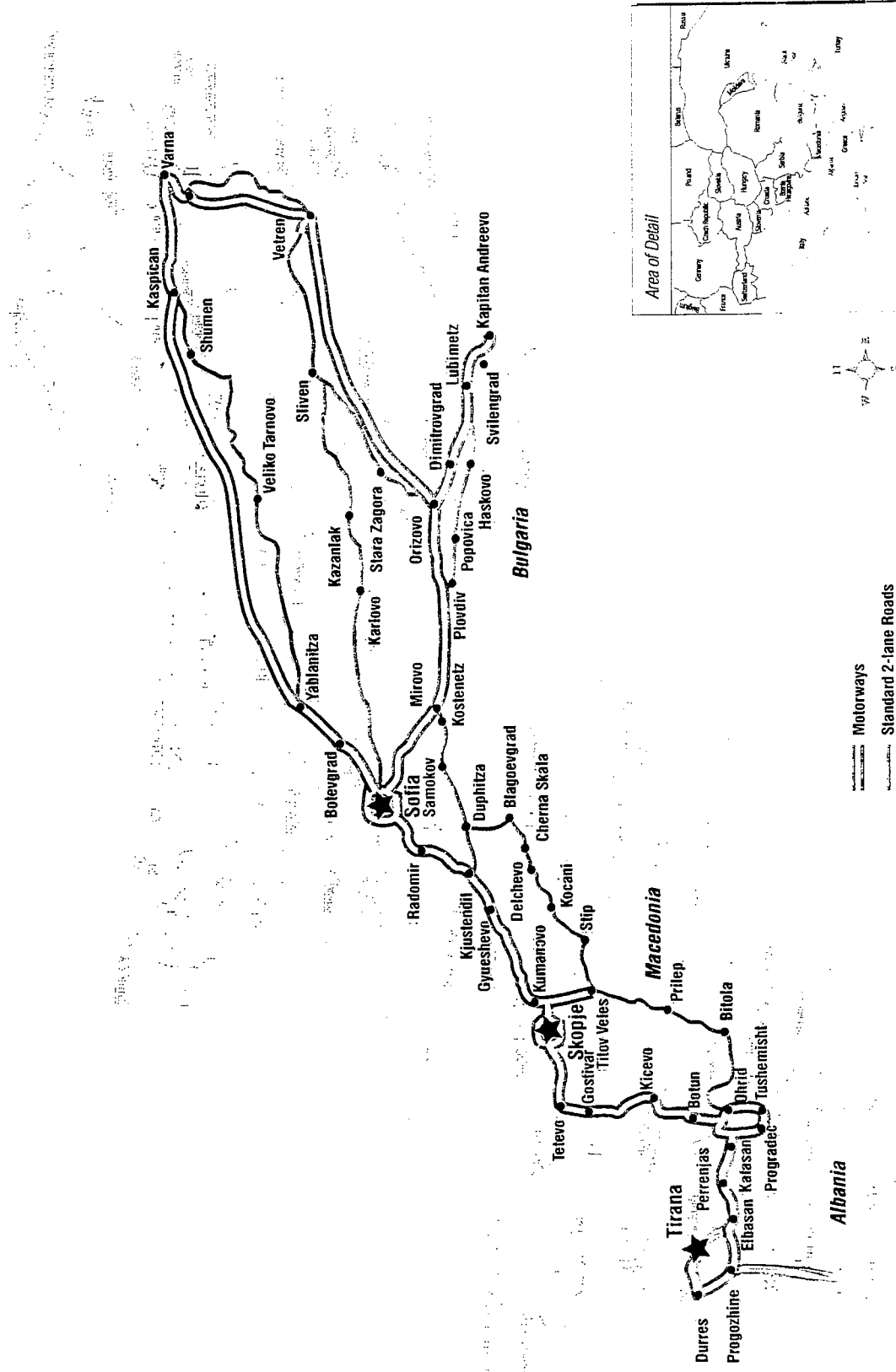




Intermediate Term: 2003 - 2010

- Build 4-lane Motorways on the remaining primary route segments (543 km)**
- Build a 4-lane Motorway Yablanitza - Kaspichan (280 km)**
- Bring secondary corridor routes to standard design (153 km)**

East-West Transport Corridor **Proposed Year 2010 Road Network**





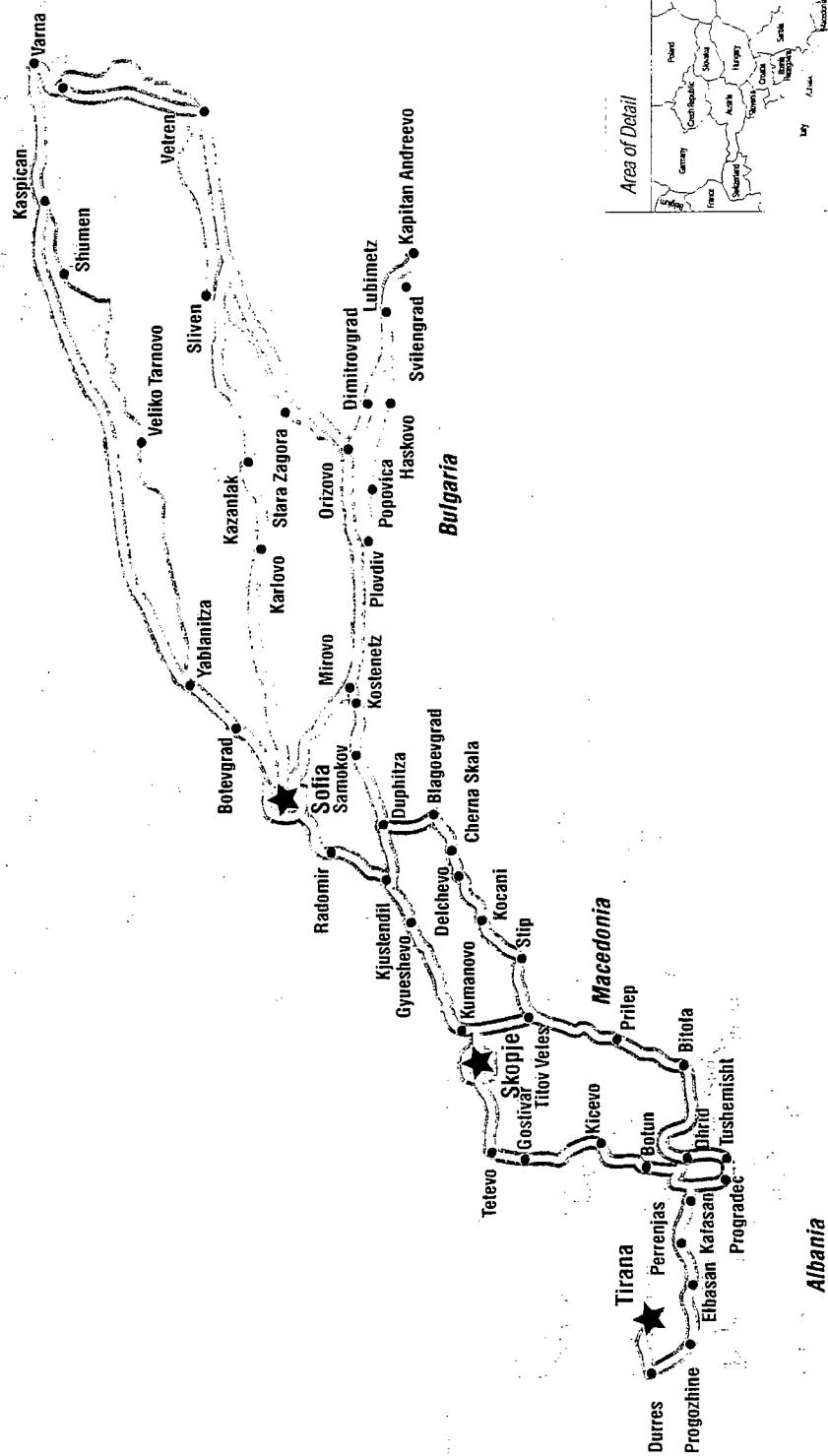
2010-2020 Highway and Transportation Infrastructure Program

Long Term: 2010 - 2020

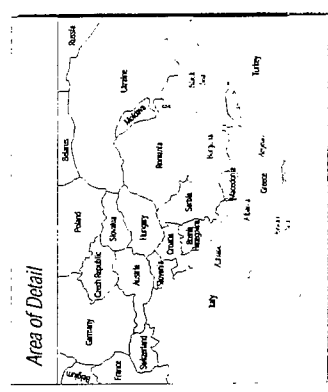
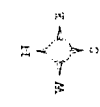
Upgrade segments of secondary corridor routes to 4-lane Motorways (770 km)

Address capacity constraints on primary corridor routes

Proposed Year 2020 Road Network



Motorways
Standard 2-lane Roads





California High-Speed Rail Authority

- **Drivers for railroad improvements are adherence to International (UIC) standards and corridor continuity rather than capacity constraints**
- **Capacity calculations are complex and require much more additional resources than available in this study**
- **Designate a primary corridor route and target for improvement by 2010**

Short Term: 1998 - 2003

- Complete Gyueshevo - Bulgarian/
Macedonian border segment (2.5 km)**
- Complete Beljakovci - Macedonian/
Bulgarian border segment (55 km)**
- Complete Lin (Albania) - Macedonian border
inter-modal link (2.7 km)**
- Electrify Plovdiv - Svilengrad segment
(163km)**
- Upgrade and rehabilitate Durres - Lin line
(138 km)**



Intermediate Term: 2003 - 2010

- Build Kicevo - Macedonian/Albanian border rail segment (65 km)
- Upgrade Kicevo - Beljakovci line (185 km)
- Reconstruct Plovdiv - Svilengrad - Kapitan Andreevo line (163 km)

Long Term: 2010 - 2020

- Continue to upgrade all corridor routes to conform to International (UIC) standards



Short Term: 1998 - 2003

- Upgrade and expand terminals 1, 2, and 3 (container terminal) of Burgas Port**
- Build a new grain terminal at Port of Varna East**
- Build new quays, expand cargo terminal, and build new passenger ferry terminal at Durres Port**

Reconstruct and develop container terminal at Varna Port

Continue with expansion plans at Burgas Port

Continue with expansion and upgrading plans at Durres Port



Long Term: 2010 - 2020

Continue with expansion and improvement plans for all three ports including the establishment of an inter-modal land bridge between the Black and Adriatic Seas



State financing through national budget

Pay as you go through user charges

Privatization through concession process

Grants and international/domestic loans

Public/private partnership

Transport authority

Shadow tolling

Section 3
SBDI Pertinent Conferences

This section presents activities of the U.S. advisors related to the attendance of the following two conferences with strong pertinency to the objectives of SBDI.

1. International Transport and Trade Policy Summit “TransEurasia ‘97” held in Almaty, Republic of Kazakhstan on May 22-23, 1997
 - Contents of Conference Proceedings (actual proceedings not included but can be obtained from official TransEurasia Conference Proceedings), p. 3-2
 - Partial list of confirmed representatives and official business delegations presenting and attending, p. 3-5
 - Transport-Transit potential of the Republic of Kazakhstan – problems and projects, p. 3-10
 - Memorandum from Sayed Sultan, Bechtel to Ann Lein/Rod Azama, regarding critique of TransEurasia 97 Conference, p. 3-12
 - Letter from Sayed Sultan to Josh Flax, Project Manager, TransEurasia ‘97, regarding critique of conference, p. 3-14
2. Southeast European Cooperative Initiative (SECI) Transportation Working Group Meeting held in Sofia, Bulgaria on May 27, 1997.
 - Statement of Purpose, The Southeast European Cooperative Initiative, p. 3-17
 - Annex 3 – Recommendations of the First Meeting of the Ad Hoc Project Group on Transport Infrastructure for the Identification of Bottlenecks along the main International Corridors in the SECI region and short-term measures to remove them, p. 3-18
 - Transport Infrastructure, Establishment of a TransRegional Centre for Transport Infrastructure in Sofia, p. 3-21
 - Memorandum from Sayed Sultan, Bechtel to Gilbert Sheinbaum, U.S. Department of State, regarding SECI Transportation Working Group Meeting, p. 3-24



1ST TRANSEURASIAN TRANSPORT & TRADE SUMMIT
ALMATY, KAZAKHSTAN MAY 22-23 1997

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TRANSEURASIA '97

TransEurAsian Transport & Trade Policy Summit

May 22-23 1997

Almaty, Kazakstan

Partial list of *confirmed* government representatives and official business delegations presenting and attending:

Kazakstan

Akezhan Kazhegeldin - Prime Minister
Nigmatzhan Isingarín - First Deputy Prime Minister
Kasymzhomart Tokaev - Minister, Ministry of Foreign Affairs
Umirzak Shukeev - Minister, Ministry for Economic Affairs
Yuri Lavrinenko - Minister, Ministry for Transport & Communications
Gani E Kasymov - Minister, Ministry of Customs
Vladimir Shkolnik - Minister, Ministry of Science, Academy of Science
Kanat Muhamedzhanov - Deputy Minister, Ministry for Transport & Communications
Sailaubek Muhamedzhanov - Deputy Minister, Ministry for Transport & Communications
Serik Aliguzhinov - First Deputy Minister, Ministry for Transport and Communications
Koltai Sambetov - First Deputy Director, Almaty Railways

China

Han Zhubin - Minister, Ministry of Railways

Uzbekistan

B M Kasimov - General Director, "B K Intrans"
S P Boiko - General Director, "Uzmezhaotrans"
S G Trukov - Head of Automobile Department, International Transportation Management
V U Onex - Head of Railways Department, International Transportation Management
D Khamraev - Deputy Director, "Uzbektransit"
F V Bakhadurov - General Director, Uzbek Railways
N S Erkinov - Deputy Director of International Service, Uzbek Railways

Kyrgyzstan

K Kuykov - Deputy Minister, Ministry for Transport and Communications
L A Ablesov - Chief, Kyrgyz Railways

Georgia

Vahtang I Lomadze - Deputy Minister, Ministry for Transport
Alexander P Chbeidze - Director, Transport Problems Institute
Zurab M Shalamberidze - General Director, "Transauto Georgia"

Mongolia

G Nyamdavaa - Minister, Ministry for Development and Infrastructure
Mr Bathuu - Chairman, Land Transport Department
Mr Ganbaatar - Chief, Civic Aviation Department
Mr Bood - Chairman, Motorways Department
Mr Zorig - Chief of Automobile Transport

Turkey

Ömer Barutçu - Minister, Ministry of Transport

Iran

Ali Akbar Torkan - Minister, Ministry of Transport

Pakistan

Zafar Iqbal - Managing Director, Northern Areas Transport Corporation (NATCO)

Malaysia

Mr Mirzan Mahatir - Chairman, Konsortium Perkapalan Berhad

Russian Federation

Valery I Kovalev - Deputy Minister, Ministry for Railway Transport

Alexander S Chertkov - Deputy Chief, Department for External Affairs

Latvia

Vilis Krishtopans - Minister, Ministry for Transport

Regina Svirska - Adviser to the Minister, Ministry for External Relations

Zigmars Priede - Chief, Department of Transit

Poland

Tadeush Shozda - Deputy Minister, Ministry for Transport

Bogdan Scherbinski - Deputy Director, Department of European Intergration & Cooperation

Alexander Yanishevski - Deputy Director, Polish Railways Union

Armenia

Herbert Parsoumian - Chief, Dept of Ext. Affairs, Ministry of Transport & Communications

International Road Transport Union

David Green, President

Pater Krauzer, Officer in charge of Central and Eastern Europe

Committee of Organisation for the Coordination of Railways

Andrzej Goloszewski, Chairman

Economic and Social Commission for Asia and the Pacific (ESCAP UN)

Mukhammed Rakhmatulla, Chief of the Department for Transport & Communications

Vladimir Timofeev, Head of the Transport Sector for the Transport Department

International Union of Railways

M Kaczmarek, Director of Relations with the Organisation for Coordination of Railways

Overseas Economic Cooperation Fund of Japan

Hidetoshi Irigaki, Director of 4th Division Operations Department

Corporate Participants

NAME	COUNTRY
ABN Amro Bank	Kazakstan
Access Industries, Inc	USA
Administration Area of Omsk Region	Russian Federation
ADSO LLC Services	United Arab Emirates
AGIO Countertrade Pte Ltd	Kazakstan
Alexander Lesser & Co	Kazakstan
Almaty Terminal	Kazakstan
Asian Development Bank	Uzbekistan
Avicos Insurance Co	Russia
Azeravtotransport	Azerbaijan
Bashir Akhmed & Company	Pakistan
Bechtel International Inc	USA
Cargo Wagon Italia Srl	Italy
Central Asian-American Enterprise Fund	Kazakstan
Daimler-Benz AG	Germany
DB Cargo	Russia
De-Consult	Germany
DHL International - Almaty	Kazakstan
Dornier Systems Consult GmbH	Germany
Dyrekcja Eksploatacji Cystern	Poland
EBRD	UK
ESCAP - United Nations	Thailand
Estrefransservice AS	Estonia
European Bank for Reconstruction & Development	London
European Commission	
Far Eastern Shipping Company	Russia
Federal Motor Road Service	Russian Federation
Geograkom	Russian Federation
Giprotrans	Russian Federation
Global Infrastructure Fund Research Foundation	Japan
Greenshields Cowie & Company, Ltd	UK
Greentour Inc	Belarus
Intercontainer Interfrigo	Switzerland
Intercor Ltd	Georgia
Intermodal Shipping Services	United Arab Emirates
International Freight Forwarding Ctr of Mongolia	Mongolia
International Road Transport Union (IRU)	Switzerland
International Union of Motor Transport	
Iskomtrans	Kazakstan
Itochu Corporation	Japan
JSC Ilyichevskvneshtrans	Ukraine

Corporate Participants

JSC Mosgiprotrans	Russian Federation
JSC Uralgiprotrans	Russian Federation
Kasgiprozheldortrans	Kazakstan
KazakOil	Kazakstan
Klaipeda State Seaport Authority	Lithuania
Konsortium Perkapalan Berhad	Malaysia
Litranservis J/V	Lithuania
Matrix International Logistics, Inc	USA
MDS Trans Asia	Malaysia
Ministry of Economy & Trade of Kazakstan	Kazakstan
Ministry of Finance of Kazakstan	Kazakstan
Ministry of Foreign Affairs of Kazakstan	Kazakstan
Ministry of Railways of Latvia	Latvia
Ministry of Railways of China	China
Ministry of Transport of Tadjikistan	Tadjikistan
Ministry of Transport of Armenia	Armenia
Ministry of Transport of Byelorussia	Byelorussia
Ministry of Transport of Kyrgystan	Kyrgystan
Ministry of Transport of Georgia	Georgia
Ministry of Transport of Turkmenistan	Turkmenistan
Ministry of Transport of Ukraine	Ukraine
Ministry of Transport the Russian Federation	Russian Federation
Ministry of Transport of China	China
Ministry of Transport of Turkey	Turkey
Ministry of Transport of Pakistan	Pakistan
Ministry of Transport of Kazakstan	Kazakstan
Ministry of Energy of Kazakstan	Kazakstan
Modern Freight Company	United Arab Emirates
Motorola GmbH - Moscow	Russia
NACO Inc / National Castings	Russia
Navigation Maritime Bulgare	Bulgaria
Nissin Corporation	Japan
OAO VK Soyuztransit	Russia
ONGC - VIDESH Limited	India
Oracle Central Asia & Kazakstan	Kazakstan
Oracle Corporation	Switzerland
Organisation of Economic Cooperation	
Overseas Economic Cooperation Fund	Japan
P & O Containers Ltd - Dubai	United Arab Emirates
Panalpina World Transport ZAO Ltd	Russia
Port Authority of Mina Zayed	United Arab Emirates
Port of Aktau	Kazakstan

Corporate Participants

Port of Constantza Administration	Romania
Port of Varna Authority	Bulgaria
Romtrans SA	Romania
Russkiy Mir Company	Russia
Scott Wilson Kirkpatrick & C	UK
Sea Port of St Petersburg	Russia
Sea-Land	Kazakstan
Shanghai Foreign Economic Relations	China
Sinotrans	China
Skoda Dopravni Technika	Czech Republic
Socep SA	Romania
SoyuzPromimpeks	Moscow
State Customs Committee	Kazakstan
TACIS	
Tashgiprotrans	Turkmenistan
Tbilgiprotrans	Georgia
Tengizchevroil J/V - Almaty	Kazakstan
TOO Vectra-Savar	Bulgaria
TRAIS Ltd	Ukraine
Transrail Holding AG	Switzerland
Transstroy	Russian Federation
Triton-Vuko Energy Group	Canada
TT Club - Through Transport	UK
UNCTAD	
United Shipping Company	United Arab Emirates
Unocal Corporation	UK
Uzbek Joint Stock Company	Uzbekistan
VR Cargo Ltd - Finnish Railways	Finland
World Bank	
Yugintertrans Freight Forwarding Enterprise	Ukraine

The first International Conference

«Transport-transit potential of the Republic of Kazakhstan - problems and prospects »

May 22-23 1997

Almaty

Summary

1. On May 22-23 1997 in Almaty the conference was held of the representatives of Ministries of Transport and Communications of the countries of the OEC and of Central Asia, and of the Ministries of Railways, and of the countries of the Organization of Railway Cooperation (OCR, Warsaw) Representatives of the international organizations working in the field of development of transport (ЭСКАТО, ЕЭК ООН, МСЖД, MCAT) participated. The representatives of the International Banks of development, scientists and experts have taken part in the work of the conference in the field of development of transport, chiefs of the largest transport companies and both firms of near and distant foreign countries.
2. The participants of the conference have discussed problems of formation of new transcontinental and subregional transport corridors using the transport - transit potential of the countries of the Central-Asian region, have considered the basic directions of joint actions on their formation in the nearest period, have expressed gratitude to the UN, KEC, and other international organizations have made a large contribution to a scientific substantiation and development of the recommendations on the formation of new transport corridors on continent.
3. The participants of the conference have noted that the formation of new alternative transport corridors on continent will render a positive influence on the socio-economic situation of the states, the further development of trade ties, the creation of a competitive environment in the transport sphere, and will ensure a reduction in the cost of freight.
4. The participants of the conference agreed that at the present time the formation of basic transcontinental and sub-regional transport corridors in the region is at a stage, when the basic efforts of the international organizations and states are expedient for directing practical organization of transportations with the maximal use of already- existing technical opportunities of corridors, by the creation of favorable conditions for transport and freight- forwarding companies, the development of new routes on the basis of coordination of actions in the field of customs and tariff policy, and the completion of the legislative and normative base, and finally the wide attraction of private(individual) sector.

5. The chiefs of delegations have shown interest in the offer of Kazakhstan to begin the development from the representatives of state structures and private sector of working committees, and the associations of assistance for the practical realization of opportunities of new transport corridors.

With this purpose, on the basis of advice from the interested parties in the current year it is offered to create:

- Under the aegis of ESCATO, UN, and OCЖД (Warsaw), a working committee on the Northern Direction of the Transasian railway : Lianiguan (PEOPLES REPUBLIC OF CHINA) - Rotterdam (Netherlands);

Under the aegis of ESCATO, UN and OEC and of the countries of Central Asia, a working committee on the Central Direction of the Transasian railway : Lianiguan (PEOPLES REPUBLIC OF CHINA) - Bendery - Abas (Iran) and Istanbul (Turkey);

Under the aegis of ICAO, a working committee for the preparation and assistance of realization of the offers on completion of air corridors Europe - Asia with use of air space of Kazakhstan and neighboring countries;

- Under the aegis of UNCTAD UN, an association of assistance for the increase of efficiency of mechanisms of freight transport about new to Transcontinental transport corridors.

6. The participants of a conference have addressed to the International Banks and Funds with the offer to consider the problem of allocation of financial assistance of ESCATO and ЮНКТАД ООН, Secretary ОЭС of the Countries of Central Asia, ICAO and OCЖД (Warsaw) for the realization of organizational measures and preparation of the plan of work for the newly-created working committees and associations of development on 1998 - 2000.
7. Recognizing an urgency to accelerate the practical realization of opportunities of new transport corridors for the development of the economy of the countries of region and the integration of processes occurring on the continent, the participants of the conference have expressed gratitude to the Government of Republic of Kazakhstan for the organization of the present conference, the Commission of the European Union for assistance in its work, and the conference organizer International Trade and Exhibitions (ITE) for its work in the implementation of the project.



BECHTEL INTERNATIONAL INC.

**San Francisco, CA
Fax No: (415) 768-4560**

DATE: May 25, 1997 TIME: 11:45 A.M.

TO: Ann Lein / Rod Azama PHONE: 703-875-4357

TDA FAX: 703-875-4009

FROM: Sayed Sultan PHONE: 415-768-9801
Bechtel International Inc. FAX: 415-768-4560

RE: TRANSEURASIA 97 CONFERENCE, ALMATY

**CC: Anton Antov (Coordinating Group); Ralph Mason (fax # 415-768-4560),
Don Marshall, Paul Monserie (fax # 44-181-846-5771), Mike Mix (fax #
90-312-312-2342), Edith Page (fax # 202-785-2645); Asil Gezen (fax # 703-
713-6877)**

Number of pages including cover sheet: 2

The conference was a good medium for officials of many Asian and European countries to get acquainted and exchange their views concerning common transport issues in this part of the world. In opening the Conference, the Deputy Prime Minister of Kazakstan thanked Vice President Gore for his message wishing the conference success. The US Ambassador to Kazakstan attended the opening session. Some of the "advertised" transport ministers and high-level officials of various countries sent their deputies and assistants instead. The engineering consulting community was poorly represented with only Gibb, Bechtel and a German firm present. Gibb had several people including their Chairman and hosted some functions. In general, the conference was well attended and well organized, considering limitations of available facilities.

On the technical side, the conference was disappointing. Most presentations were either too general (canned presentations) or too technically-specific for such a "policy summit". The absence of written versions of presented papers made it difficult to follow the presenters or to engage the audience in any meaningful dialogue during discussion periods. (The conference organizers will send the proceedings in three weeks). Many papers were simply read, fairly quickly, with the poor translators trying to catch up and make sense of what is being said. In my opinion, the conference lacked a technical

coordinator who can mastermind the content and sequence of various presentations and present a focused story of these important transport corridors.

The most important message of the conference is the identification of three transport corridors that link Asia and Europe; a North corridor, a Central corridor, and a South corridor. The central corridor has two routes, one of them is the TRACECA corridor that goes through the Caspian and Black seas. The north corridor links Asia and Europe through the Russian Federation and into Poland and Germany. The central corridor links the two continents through Black Sea ports on its western shores, while the southern corridor links them through Istanbul and into Bulgaria and up Eastern and Central Europe. (there is a proposal mentioned during the conference to build a two-track rail tunnel under the Bosphorous). These three main corridors are fed by many "branch" corridors that provide transport connections to such major destinations as the Asia Pacific, the Indian subcontinent and the Middle East. The conference failed though to give the audience a succinct picture of the existing conditions of various segments of these corridors, identify missing links and bottlenecks (both physical and institutional) and prioritize handling of these deficiencies.

It is important to note that all of these corridors serve multiple transport functions; local, national, regional, and international. Distinction between these functions is very important in estimating future traffic demands for various segments of these corridors, especially for highways and especially as they approach and go through major cities along the way. The conference did not make such distinction since it did not address (yet) the issues of traffic forecasting, sizing of transport facilities along the corridor, and methods of prioritizing and financing them.

Financing is, as always, a most critical issue. Governments have little or no money and the capacity of international lenders is very limited and is stretched quite thin. The international financial organizations that made presentations at the conference were the Economic and Social Commission for Asia and the Pacific (ESCAP UN), EBRD, and the Overseas Economic Cooperation Fund of Japan. They all have relatively (and absolutely) modest efforts going on.

The conference is obviously a first step in a very long process of providing transport links between various Asian countries and between them and Europe. In the long run, our SBDI East-West transport corridor will benefit from these developments, although nothing significant should be expected to happen in the short term (next five years or so).

I hope that the conference proceedings will provide more information on the components of these corridors and set the stage for meaningful follow-up work and concrete plans for implementation of the more crucial segments of these corridors.

Sayed Sultan

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June 23, 1997

Mr. Josh Flax, Project Manager
TransEurAsia '97
International Trade & Exhibition Group
Byron House, 112A Shirland Road
London, W9 2EQ, UK
Tel: 44-171-286-9720
Fax: 44-171-286-0177

RE: TransEurAsia '97 International Transport and Trade Policy Summit,
Almaty, Republic of Kazakhstan

Dear Mr. Flax:

I attended the First TransEurAsia Transport & Trade Policy Summit held in Almaty, Kazakhstan during the period May 22-23, 1997 on behalf of the South Balkan Development Initiative (SBDI) Coordinating Group. The Conference offered a promising start to a potentially significant forum for the coordination, development and implementation of transport corridors linking Asia and Europe. To increase the effectiveness and usefulness of future conferences, we are offering the following suggestions for consideration by the Conference organizers and technical coordinators:

1. Develop a technically-cohesive program, well in advance of the Conference date, that addresses macro-level integration of highways, rail and ports for each of the three major corridors linking Asia and Europe.
2. Attempt to present a snapshot of the existing physical and operational characteristics of each of the three corridors. This should point out major missing segments along each corridor and current status of each's development (e.g. conceptual study, feasibility study, preliminary engineering, final engineering, or construction). Also provide a general indication of the order of magnitude cost of building each segment.



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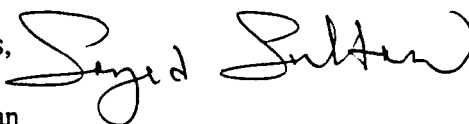
3. Ask technical contributors to submit written papers in advance of convening the Conference. This will allow conference participants a chance to review the papers and be prepared to discuss issues of concern or add to the body of knowledge covered by the paper.
4. Differentiate between the various transport functions that each major segment of the corridors render. These functions are serving local traffic, national traffic, bi-national traffic and multi-national traffic. Such differentiation will help in forecasting traffic volumes and in delineating financing responsibility for various segments of the corridors.
5. Give a status report (to be periodically updated in future conferences) on major on-going and active projects along each corridor. The status report should indicate development status, approximate cost, sources of financing, economic viability (if known) and future prospects.
6. Start a comprehensive and methodological program of reporting on significant border crossing issues between affected countries; physical, legal, regulatory, environmental, and operational. Include in the program a discussion of the experience of developed countries in dealing with these issues and ways and means of copying their experience.
7. Institute permanent technical working groups from member countries that can provide coordination and follow-up on important issues.
8. Develop maps, at an appropriate scale, that standardize the physical definition of each of the corridors and that can be used for reference (and updating) by all concerned parties.
9. Solicit international assistance to sponsor the attendance of technical and operational transport representatives from less-endowed countries.
10. Emphasize at this stage of the corridor development important macro and policy issues and avoid very detailed technical issues.



We hope that the above suggestions contribute to the organization of effective and successful conferences in the future that can result in positive and measurable implementation steps of these internationally-important transport corridors.

Please feel free to contact us for any questions or clarification.

Sincerely yours,



Dr. Sayed Sultan
Project Manager, SBDI Technical Advisory Services Project and,
Chief Transportation Planning Engineer
Bechtel Incorporated Inc.

cc: H.E. Mr. Nigmatzhan Isingar, First Deputy Prime Minister, the
Republic of Kazakstan, Almaty, Kazakstan
Mr. Anton Antov, SBDI Technical Coordinator, Ministry of Transport,
Bulgaria (fax # 359-2-988-5094)
Mr. Rod Azama, Regional Director, Europe, U.S. Trade and
Development Agency, Washington, DC. (fax # 703-875-4009)
Ms. Susan Weidner, Senior Commercial Officer, U.S. Embassy, Sofia,
Bulgaria (fax # 359-2-980-6850)

bcc: Dr. Don Marshall, Bechtel, London (fax # 44-181-846-5771)
Mr. Mike Mix, Bechtel, Ankara (fax # 90-312-2342)
Ms. Edith Page, Bechtel, Washington, DC (fax # 202-785-2645)
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Bechtel International, Inc.

December 6, 1996

**STATEMENT OF PURPOSE
THE SOUTHEAST EUROPEAN COOPERATIVE INITIATIVE**

The states listed below at the inaugural meeting of the Southeast European Cooperative Initiative have decided to participate in this important regional initiative aimed to encourage cooperation among the countries of the region and facilitate the access of Southeast Europe to European integration. Having agreed to this Statement of Purpose, the states listed below hereby create the Southeast European Cooperative Initiative (SECI). SECI shall be a forum in which representatives of the participating states meet to discuss common regional economic and environmental problems calling for concerted action and shall take into account region-wide plans for dealing with these problems. Meetings of representatives shall be followed promptly by the convening of ad hoc working groups of technical experts, who shall be responsible for the development of concrete proposals.

SECI shall not interfere with existing plans, projects, or initiatives, and shall interact with other initiatives for regional co-operation in southeastern Europe, including those launched by the European Union, by the Sofia Declaration on Good-Nighborly Relations, Stability, Security, and Cooperation, the Central European Initiative, and the Black Sea Economic Cooperation. It shall seek to complement them by (a) providing for close cooperation among the governments of the region, (b) emphasizing region-wide planning, (c) identifying needed follow-on and missing links, (d) providing for better involvement of the private sector in the regional economic and environmental effort, and (e) helping create a regional climate that encourages the participation of the private sector. SECI shall authorize a High-Level Personality (HLP) to follow up on the decisions taken by the representatives of the participating states and to facilitate the implementation of projects.

The HLP shall assist SECI members to ensure that decisions are effectively implemented. SECI will seek to make arrangements which will allow the HLP to be assisted by the staff of the United Nations Economic Commission for Europe (ECE). In this regard the HLP shall coordinate closely with the chairman and the Executive Secretary of the ECE. The international financial institutions, the EU, the U.S., and other interested parties would be welcome to assist SECI if they so wish by providing their expertise on an ad hoc basis in relation to individual projects. Further, it is SECI's objective to attract the private sector to participation in SECI activities.

Albania, Bosnia-Herzegovina, Bulgaria, Former Yugoslav Republic of Macedonia, Greece, Hungary, Moldova, Romania, Turkey, Croatia*, Slovenia* (*See Annex I).

ANNEX 3

**Recommendations
of the First Meeting of the Ad hoc Project Group
on Transport Infrastructure for the
Identification of Bottlenecks along the main
International Corridors in the SECI Region and
Short-term Measures to remove them**

The First Meeting of the Ad hoc Project Group on Transport infrastructure during its discussions reviewed a large number of projects, and

Keeping in mind the results of the first and second meetings of the Agenda Committee held in Geneva on 29 January 1997 and 24 March 1997,

Referring to the other international meetings on the transport infrastructure in the SECI region,

Positively evaluating the economic dimensions of the OSCE meetings,

Taking into account the work covered by the European Union, the Economic Commission for Europe, the Black Sea Economic Co-operation and the Central European Initiative,

Deciding to base itself on the expertise of and the extensive work carried out by the ECE Trans-European North-South Motorway (TEM) and Trans-European Railway (TER) and appreciating the setting-up of a joint TEM - TER - SECI Ad hoc Group focusing on transport infrastructure matters, formulated the following recommendations:

A. Specific recommendations.

1. The actions are taken into consideration in view of present and anticipated traffic volumes to be carried out on the Crete corridors. Therefore, the Crete corridors will be based on all actions in the Initiative.
2. Short-term actions to be undertaken on the border crossings are:
 - a. Road infrastructure
 - Construction of new and rehabilitation of existing access roads
 - Construction of new and rehabilitation of existing parking areas
 - Construction and rehabilitation of facilities for cleaning and sanitary control of vehicles
 - Training of experts on the above subjects.

- b. Rail infrastructure
 - Installation of a computerised system for the tracking of freight wagons
 - Construction of additional railway lines at the control stations
 - Construction of cleaning and sanitary control of rolling stock
 - Construction of new and upgrading of existing facilities to overcome the problems related to brake-of-gauge
 - Training of experts on the above subjects
- 3. Short-term actions on main international transport corridors
 - a. Road infrastructure
 - Performing limited pavement maintenance
 - Establishment of lay-bys
 - Establishment of rest areas
 - Construction of special lanes for heavy vehicles
 - Modernisation of signs and signals
 - Training of experts on the above subjects
 - b. Rail infrastructure
 - Arrangements for the import of sleepers of modern design (including preparations for the transfer of technology for the production of such sleepers)
 - Arrangements for the import of axle-counters
 - Installation of modern signalisation
 - Facilities for the cleaning and sanitary control of rolling stock
 - Installation of centers for the incineration of solid wastes
 - Construction or upgrading of terminals for combined transport operations
 - Training of experts on the above subjects
- 4. Short-term actions related to long-term transport infrastructure requirements
 - Updating of existing traffic forecasts on the basis of a harmonized forecasting methodology
 - Training of experts on the above subject
 - Preparation of Memoranda concerning the coordination of works between SECI countries along Crete corridors.
 - carrying out of external costs assessment related to various transport modes, so that they could be included in the investment planning process for transport infrastructure development

B. General recommendations

1. Problems concerning transport infrastructure at the border crossings will be investigated by organising meetings for specific problem points. As a first

activity, it is decided to hold a meeting concerning the problems of trans-border infrastructure between the interested member-states of SECI that will be organised in Bulgaria in November 1997

2. The SECI ad hoc Project Group on Transport Infrastructure will be instrumental for the formulation of bilateral and multilateral texts of intention among Governments in case there are unsettled trans-border infrastructure problems emanating from the above meeting.

3. The SECI Governments will make every effort to include the measures proposed by the ad hoc group in their national plans as part of the Pan-European Transport Network concept based on Crete corridors.

4. The experts expressed interest in the Memorandum of Understanding on the Objectives and Basic Functions of the Trans-Regional Centre for Transport Infrastructure which was adopted by 11 countries of the region during the Meeting of the Ministers of Transport of the BSEC and CEI, held on November 22, 1996 in Sofia.

5. The Group decided to hold its next meeting in September, 1997 in Sofia. The SECI coordinator and ECE will contact the members to request the necessary information to be considered by this meeting. Responses would be appreciated to be received by the end of September.

Sofia, May 27, 1997

TRANSPORT INFRASTRUCTURE

1. Project title: Establishment of a Trans Regional Centre for Transport Infrastructure in Sofia

2. Benefiting countries: All participating countries of SECI.

3. Short description of the context and problems to be addressed by the project:

All SECI participating countries are aware of the increasing need to build efficient transport networks in the region and their integration with the All-European transport system. The OSCE Seminar on the Role of Trans-European Infrastructure for the Stability, Security and Co-operation in the Black Sea Region, November 1995) stressed the importance of the establishment of a "focal point" for exchange of information and development of the transport infrastructure in close co-operation with other international structures working in that field. The Sofia Meeting of the Ministers of Foreign Affairs of Countries of South-Eastern Europe, 7 July 1996 took the political decision to establish the Trans Regional Centre for Transport Infrastructure in Sofia. The establishment of the Centre was also supported by the Sofia Meeting of the Ministers of Transport of the BSEC and CEI countries, 22 November 1996,

The Centre shall complement the endeavours of the European Commission and the participating States, as well as of other international organisations and bodies working in the field of transport infrastructure and shall not duplicate their activities.

The main objectives of the Centre, as agreed by the Ministers of transport of CEI and BSEC, shall be:

a) To facilitate the harmonisation of the procedures related to the evaluation of the condition of the existing infrastructure systems of the participating states and their respective current needs and to propose specific measures to minimise the differences and bottlenecks;

b) To render technical support to international planning and construction of trans-border infrastructure equipment;

c) To assist the participating states in providing exchange of information and contacts related to their needs, financial opportunities and implementation of their transport infrastructure projects;

d) To facilitate the elaboration of common approaches for the development of Trans-European networks for transport infrastructure and international transport corridors, open to the adjacent regions;

e) To propose the introduction of new modern technologies for construction and operation of the transport infrastructure with the view of maximum utilisation of the existing connections and of the limited resources by efficient planning.

The Trans Regional Centre for Transport Infrastructure shall perform the following basic functions:

a) Exchange of information among the transport authorities of the participating states, as well as with international organisations, financial institutions and private investors;

b) Promotion of business contacts among the parties interested in the implementation of common infrastructure projects;

c) Assistance in the process of harmonisation of the national regulations of the participating states, concerning the transport infrastructure with the international standards as well as with those of the European Union;

d) Training related to the activities aimed at the development of the transport infrastructure;

e) Assistance to the elaboration of regional concepts and projects for the development of trans-regional transport infrastructure networks;

f) Encouragement of investments from public, private and international financial institutions for the construction of transport networks;

4. Project participants: Officials of the Transport Ministries and other Ministries of the SECI participating countries; the ECE Secretariat, the CEI Centre for Information and Documentation, the BSEC Permanent International Secretariat and other international organisations and financial institutions.

5. Implementation strategy:

First Stage: Definition of the Centre, political decision:

- preparation and co-ordination of the organisation system among the participating states;
- implementing the necessary approval procedures by each participant for launching of the Centre;

- elaboration and adoption of a Code for the functioning of the Centre and its approval by the participating states;
- establishment of management structures of the Centre;
- appointment of the Director of the Centre.

Second Stage: Organisation of the financial resources, setting up of the executive structure of the Centre:

- accumulation of resources from the participating States and the international institutions;
- establishment of the Executive Bureau of the Centre;
- launching of information exchange on the plans of the participating states regarding the transport infrastructure;
- initial studying of the needs for infrastructure networks and systems, in relation to the development of the demographic and economic potential of the region;
- definition and multilateral co-ordination of the investment priorities.

Third Stage: Elaboration and co-ordination of big regional infrastructure projects:

- elaboration of international legal status of the priority projects;
- provision of financial resources;
- co-ordination of technical and financial studies;
- co-ordination of the implementation of the projects;
- assistance in the operation of the project.

The Ministers of Transport of the CEI and BSEC countries have already expressed their support for the idea of establishing the Trans Regional Centre in Sofia in the Final Document of their Conference on October 21-22, 1996. They welcomed the objectives and the basic functions of the Centre, embodied in a Memorandum of Understanding opened for signature. The Memorandum was signed by 10 countries during the Conference of the Ministers of Transport of the CEI and BSEC countries.

The structural and operational modalities as well as the financial framework of the Centre shall be elaborated on an expert level and submitted to the Ministers of Transport of the participating countries for their approval with the view of having a legally binding document for the establishment of the Centre, which can very well take place in the SECI framework.

seci\prjct-tr.doc



BECHTEL INTERNATIONAL INC.

**San Francisco, CA
Fax No. (415) 768-4560**

DATE: May 28, 1997 TIME: 5:45 P.M.
TO: Gilbert Sheinbaum PHONE: 202-647-3270
US Department of State FAX: 202-736-7422
FROM: Sayed Sultan PHONE: 359-2-981-6541 (Room # 158)
Bechtel Int. Inc. FAX: 359-2-980-6464 (c/o Sheraton Sofia)
RE: SECI TRANSPORTATION WORKING GROUP MEETING, SOFIA
CC: Rod Azama (fax # 703-875-4009), Anton Antov (SBDI Coordinating Group); Susan Weidner, Ralph Mason (fax # 415-768-4560), Don Marshall, Paul Monserie (fax # 44-181-846-5771), Mike Mix (fax # 90-312-312-2342), Edith Page (fax # 202-785-2645); Asil Gezen (fax # 703-713-6877), all with attachment.

Number of pages including cover sheet: 3 (w/o att.), 5 (w/ att.)

Dear Mr. Sheinbaum

Thank you for your letter of May 22 (attached) . I attended the SECI Working Group Meeting and here is a brief report on my observations and comments:

The meeting was called "the First Meeting of the Ad hoc Group on Transport Infrastructure for the Identification of Bottlenecks along the Main International Corridors in the SECI Region and Short-term Measures to remove them". The meeting started by a UN/ECE statement that SECI has no funding sources of its own to sponsor bottleneck removal projects and that a limited number of short-term, moderately-priced "bankable" projects to alleviate obvious bottlenecks along the international corridors of SECI may, and probably will, be served up to the World Bank, EBRD, and others for possible financing. This statement came a little late since member countries had already submitted to UN/ECE a "wish" list of bottleneck projects that widely vary in scope, cost, time of implementation, and bankability. These projects range in cost from few million to several hundred million dollars.

At the beginning of the meeting, I sensed a lack of a framework for defining international corridor "bottlenecks" and noticed that the UN/ECE had limited its definition mainly to

capacity bottlenecks. So, I offered the following framework for consideration by the Group:

Transport bottlenecks can be classified in one, or more, of the following groupings:

1. Physical infrastructure bottlenecks that are:

- a) related to corridor continuity (e.g. gaps on railway or highway routes)
- b) related to transport capacity (e.g. traffic exceeding practical capacity of a highway segment and thus resulting in inferior quality of traffic flow)
- c) related to transport safety (e.g. traffic safety markings and signs, fencing and safe geometric configuration), and
- d) related to transport standards (e.g. European standards for Motorway and railway design such as maximum axle load, design speeds, and geometric standards)

2. Institutional bottlenecks; dealing mainly with regulatory, legal, insurance, tariff and other similar issues.

3. Behavioral bottlenecks addressing such issues as work ethics, productivity, customer service, etc.

It was pointed out by the UN/ECE that this Ad hoc group deals only with physical infrastructure bottlenecks and there are other working groups that handles other considerations. Nonetheless, I felt that expanding the definition of physical bottlenecks to include other than capacity issues should be a worthwhile contribution. Some of the member countries adopted the above framework and started presenting their case using the above classification. The Bulgarian delegation for example stated that there are no capacity bottlenecks on the Bulgarian railway network but that there are serious corridor continuity bottlenecks (such as the fixed crossing between Bulgaria and Romania over the Danube River and the missing link between the Bulgarian and the Macedonian railroads), as well many safety- and standard-related bottlenecks.

As the meeting progressed, it became clear (at least to me) that resolving border crossing bottlenecks would best fit the objectives and mission of this working group; i.e. removing these bottlenecks involve short-term projects (1-2 years), that would be relatively cheap and at the same time highly effective in facilitating and speeding up movement of passenger and freight along international corridors. It was pointed out that there are between 30 and 50 main border crossings within the SECI region that warrants close examination and varying levels of improvements. Indeed toward the end of the meeting as the UN/ECE pressed each country to come up with one road and one rail bottleneck for consideration during the next group meeting, most countries identified border crossing bottlenecks.

Border crossing bottlenecks however involve physical infrastructure solutions as well as institutional and behavioral issues that are integrally related and highly inter-dependent. It seems to me that it would be inefficient and counter-productive to deal with these

solutions in more than one working group that meet at different time, in different places and with possibly different country representatives. Border crossing bottlenecks; physical, institutional, and behavioral, need to be addressed and resolved by one group.

In order to circumvent the meetings and more meetings syndrome and demonstrate concrete results, I suggest that the UN/ECE (or some other organization) sponsor a pilot project for a selected border crossing within the SECI region which can be selected randomly from a number of qualified crossings. This pilot project will have to be structured such that obvious physical bottlenecks are immediately remedied at the same time as more "soft" study and training work are taking place.

The US delegation raised the two issues mentioned in your letter; toll financing and limitations on permits or "Carnets" issued between member countries, for discussion by the group. It was felt that the size of bottleneck projects contemplated by this group is small and would not warrant toll financing and that the permit issue is being handled by another working group. Nonetheless, project financing in this part of the world is a very serious matter that warrants serious investigation. Most governments in the SECI region has little or no money to finance large transport infrastructure projects and their borrowing capacity is limited. Besides, most transport projects in the region cannot be entirely financed through private funds. Project financing is a serious bottleneck in its own right.

The next working group meeting is scheduled for September in Bulgaria. I suggest that the meeting organizers send to member countries well before this meeting, some guidelines for preparing bottleneck removal projects. It would also be beneficial, if they can send a model format for describing a project; project description, brief background, implementation steps and duration, estimated cost, and likely benefits or bankability. This would allow everybody to be on the same wave length and discuss and evaluate projects on a comparable basis.

Please feel free to contact me if you need further information or clarifications.

Regards,

Sayed Sultan

Section 4
SBDI Technical Support

This section presents a brief summary of the technical support provided by the U.S. advisors in support of SBDI activities in the following three areas:

1. U.S. TDA Fiscal Year 1997 Projects, p. 4-2
2. The Ohrid Roundtable, p. 4-10
3. The Rail Crossing Safety Panel's Pilot Project for the Bulgarian Railroads, p. 4-22

FY97 SBDI Program Funding Proposals

The proposals for FY97 funding itemized in this document cover the following four areas of activity:

1. Proposals which cover the three countries together as a region;
2. Proposals unique to each of the three countries along the East-West Corridor.

Region-wide Proposals:

1. Provision for continued transportation sector advisory services in support of the Coordinating Group and its Secretariat.

Background. Under the Grant Agreement between TDA and the Government of Bulgaria (acting on behalf of the three governments in the region), a provision is made for funding of transportation sector advisory services and establishment of a Secretariat office in Sofia. A Coordinating Group (CG) has been established at the Deputy Transport Minister level by the three governments to coordinate the activities and programs along the East-West Corridor. To assist the CG in its project development, evaluation, and implementation along the East-West Corridor, a contract was executed between the Bulgarian Ministry of Transportation and Bechtel to provide transport sector advisory services to the three governments. Both the CG Secretariat and the advisory services are intended to function throughout the duration of the U.S.- sponsored SBDI.

Since January 25, 1997, the effective date of the Advisory Services Contract (ASC), Bechtel assisted the CG in the preparation for and participation in CG meetings held in Sofia (January 29, 1997) and Skopje (March 27, 1997). Pursuant to the provision of ASC, Bechtel has been tasked by the CG to undertake a specific assessment of the potential for Burgas container port. Another task is expected for a preliminary evaluation of the Albanian Railroad extension into Macedonia for intermodal transport operations.

Justification. The current ASC will remain in effect until January 24, 1998. The ASC is the only vehicle for assisting the CG in its technical deliberation of numerous project alternatives and issues. During the two CG meetings it became evident that the three governments heavily rely upon and expect the advice of the ASC contractor to resolve technical issues related to the implementation of the East-West Corridor. The absence of an ASC after the first year would seriously impair the effectiveness of the CG and weaken SBDI program objectives.

Proposed Budget. \$315,000 which includes \$300,000 for the ASC and \$15,000 for support of the Secretariat office and CG travel expenses. From FY96 funding, approximately \$35,000 will remain to support the Secretariat and CG expenses for FY97.

2. Detailed Evaluation of the East-West Corridor

Background. An agreement was executed in January 1997 between the Bulgarian Ministry of Transport (acting on behalf of the three governments) and Bechtel to conduct a

pre-feasibility analysis of the East-West Corridor. The study is currently underway with an interim report expected to be completed by mid-May 1997. Findings and conclusions of this preliminary study are expected to be presented in the East-West Corridor Conference to be held in Ohrid in the second week of October 1997. Furthermore, the pre-feasibility analysis will lead to a corridor-wide feasibility study, the scope of which will be delineated as part of the pre-feasibility analysis. There may also be a strong need for identification of specific components of the corridor which will require a detailed technical, financial, and engineering feasibility analyses.

Justification. The principal focus of the SBDI is the promotion of regional integration of and cooperation between the three Balkan countries by using transport sector development along the East-West Corridor as a catalyst. The first step towards this objective has been the award of the East-West Corridor pre-feasibility study. Further steps the form of detailed feasibility studies are recommended to further the objectives of SBDI. Preliminary work conducted so far indicates that a strong support by the U.S. Government will be necessary to develop individual projects in such manner that would attract private sector interest.

Proposed Budget. The detailed feasibility analysis of the East-West Corridor is expected to cost \$600,000. The scope of work for this effort will be outlined in the current pre-feasibility contract. In addition, it is recommended that \$500,000 be set aside to finance specific corridor projects, which will be delineated in the pre-feasibility study.

3. Support of the TDA-sponsored Ohrid Conference.

Background. There has been numerous occasions where the need for a conference was discussed among the CG participants and with the U.S. Government representatives. The CG in its meeting on March 27, 1997 decided to hold this conference in Ohrid during the week of October 13, 1997. The conference will be attended by U.S. business and international financial institutions, banks, and private partnerships representative of transport companies and organizations from the three countries. The aim of the conference will be to consider the opportunities for investment in the transport infrastructure along the East-West Corridor. The CG also decided to request TDA to sponsor and fund the conference.

Justification. The conference will serve as a valuable forum to disseminate information to the U.S. business community regarding the status and opportunities in the transport sector development along the East-West Corridor. TDA's primary organization mission, promoting U.S. exports through public-private partnerships between American firms and foreign entities, will be supported by the conference.

Proposed Funding. \$250,000 including cost for preparation of a conference briefing book.

Bulgarian Projects:

1. Components for electrification of Plovdiv-Svilengrad segment of the East-West Rail Corridor.

Background. CG in its March 27, 1997 meeting formally approved the inclusion of the Plovdiv-Svilengrad rail and road segment in the East-West Corridor. Despite some 64% of the rail lines in Bulgaria are electrified, about 80% of passenger and freight traffic is along electrified lines. The 143 km Plovdiv-Svilengrad segment is on the main rail connection between Sofia and Istanbul. It is included in two of the trans-European corridors defined by the G 24 Crete Conference in March 1994. The future development of this railway segment has been considered in a number of national and international studies such as PHARE projects on Balkan Transportation Study and the Development of Railway and Combined Transport on International Transport European Axis in Central and Eastern Europe, as well as the project for Restructuring of BDZ financed by the EBRD. The segment was constructed in 1867 and was most recently rehabilitated in 1991. It consists of a diesel powered single track with standard gage (1435 mm).

Justification. The Plovdiv-Svilengrad segment is of great importance to the Bulgarian national railway infrastructure. The electrification of this segment will insure uninterrupted and continuous electric power traction from Sofia to Svilengrad near the Turkish border at Kapikule. Electrification will result in increased capacity, reduced travel time due to increased operating speed, reduced operating costs, reduction in air pollution from diesel powered engines, and general improvement in the quality of service.

Proposed Budget. The foreign cost components of the electrification project is expected to cost approximately \$7 million. Imported components will include contact wire, bearer cables, insulators, and power distribution equipment for the electric power substations. It is recommended that TDA consider partial funding of \$1.3 million from FY97 for this project. The specific TDA-funded components, co-financing from IFIs or other sources, schedule of procurement, installation, and other issues must be clearly established by the procurement services contractor upon TDA's approval of this request.

2. Grade Crossing Safety Panels for the Radomir-Sofia Segment of the East-West Corridor.

Background. As true with all other railways in Central and Eastern Europe, grade crossings along the BDZ system are of low design and workmanship with usually non-aligned wide gaps causing frequent vehicle breakdowns while crossing the railway track. This is a safety hazard and is the cause of many accidents at crossings. There are approximately 7 grade crossings between Sofia and Radomir. There are many others within the metropolitan Sofia.

Justification. As a result of increasing public concern for accidents at rail crossings in the U.S., the American manufacturers of grade crossing materials have been in the forefront in the introduction of new technology and materials which reduce breakdowns, noise pollution, and enhance traffic safety. Vehicle traffic in this segment has increased during the last few years due to increased trade between Bulgaria and Macedonia and increased vehicle ownership. This project will enhance traffic safety as a result of road leveling at railway track crossings. It will also reduce noise pollution at crossings and reduce vehicle repair costs.

Proposed Budget. A funding of \$300,000 is recommended. This funding should include costs of on-site inspection and evaluation by the selected U.S. contractor to identify materials needed, supply of elastomeric full-depth grade crossing panels and adhesive materials, and supervision of on-site installation.

3. Extension of the Fiber Optic Cabling Project.

Background. TDA is funding from FY96 the procurement of fiber optic cable and associated equipment primarily for the Gyshevo-Radomir segment of the East-West rail corridor. The objective of this project is to extend the network to Sofia where freight and communications traffic is more intensified. Although, BDZ had previously agreed to provide installation and equipment as part of the project costs, recent cutbacks in BDZ's funding from the government have undermined BDZ's ability to fund domestic costs. Therefore, a request was made to TDA to use part of FY96 funds to pay for local costs. The distance which can be covered by FY96 funds will depend on the final resolution of this issue, and, therefore will affect the distance which can be covered under FY97 funding.

Justification. The potential utility of the fiber optic cabling project will be maximum in the short and medium term in the Radomir-Sofia segment. The railway traffic is considerable in this segment compared to the Gyshevo-Radomir section.

Proposed Budget. \$400,000 with specific project components to be determined after resolution of funding source for domestic components.

Macedonian Projects:

1. Spare Parts for Locomotives.

Background. MZ owns 88 locomotives of which 29 are GM-EMD G16 model series 661 locomotives, purchased between 1961 and 1972. The locomotive availability has been decreasing significantly since 1992 from 70% to 45%. This performance is due to lack of spare parts for scheduled maintenance. During the last five, only 9 of the 29 locomotives went through scheduled major overhaul, whereas all 29 had to be overhauled. Nine locomotives are currently in service and do not need maintenance. Seven are operating locomotives beyond their maintenance cycle; three are undergoing major overhaul but this can not be completed due to lack of spare parts. The remaining 10 locomotives are due major overhaul but can not be overhauled due to lack of parts. MZ has prepared a list of spare parts needed which will be supplied under separate cover.

Justification. Traffic units per locomotive equivalent on the MZ system has declined from 26.5 million in 1989 to 3.2 million in 1995. Locomotive availability at 45% is one of the lowest in Central and Eastern Europe. Reliability of service is also one of the lowest and the principal cause for low levels of service. Repairs of equipment as a result of frequent equipment breakdowns significantly increases operating costs and causes delays in transit time. The use of grant funds for purchase of spare parts will allow continued utilization of U.S. made locomotives.

Proposed budget. Subject to the final determination of specific spare parts needs, it is recommended that \$1.6 million be allocated to this project.

Albanian Projects:

1. Joint Albania-Macedonia project on rail extension from Cafesan to Macedonia and intermodal terminal development in Macedonia.

Background. The Albanian rail system extends from Durres to Cafesan, 1.7 km short of the Macedonian border. The project envision construction of this 1.7 km line in Albania and an additional 1 km line in Macedonia and an intermodal terminal to effect rail to road transfer. Depending on the type of railway equipment which can be used for this purpose, the transfer station in Macedonia would either be a simple drive on-drive off ramp or a container loading/unloading facility equipped with forklifts. This type of service has been under consideration by the Albanian government for some time. A need exists to conduct a detailed engineering design study and for supervision of construction works for the 2.7 km rail line and intermodal transfer facilities. Under the current Technical Advisory Services contract, a preliminary assessment of this project will be conducted and on the basis of this assessment, the scope of work for the detailed design services will be prepared.

Justification. Truck/trailer ferry traffic at Durres has increased significantly during the last few years, despite a decrease of waterborne traffic at the port. Intermodal truck/trailer on flat car (TTOFC) service from Durres to the Macedonian border would provide for a convenient way to traverse Albania by rail. Despite the need to rehabilitate the Albanian railway network because of low speeds (25 kph for freight and 40 kph for passenger service). TTOFC service will reduce transit truck traffic on existing very poor and unsafe roads. Due to low speeds the transit time between Durres and Cafesan would take 6 hrs which is not a critically long time to travel across Albania. TTOFC service would be the first experience of intermodal transport between Albania and Macedonia along the East-West Corridor. Completion of this project would mark the first inter-country rail connection on the East-West Corridor.

Proposed Budget. The recommended budget for the detailed design works is \$500,000 including supervision of construction. This funding should be equally divided between Albania and Macedonia.

2. Other Projects. Because of the current problems in Albania it was not possible to receive a recommended list of projects from Albania or to discuss their needs for FY97 funding. The Albanian representative who was able to attend the CG meeting in Skopje on March 27, 1997 could only refer to the project profiles previously transmitted to TDA as the basic reference for transport sector needs along the East-West Corridor. Since the Durres-Macedonian border intermodal rail system is already included among the profiles submitted to TDA, it appears that the project has the support of the government. The proposed engineering design study described above is expected to identify specific project components for TDA's consideration to fund during implementation. It is therefore recommended that no specific identification be made at this time, pending the results of the detailed engineering study and resolution of the current problems in Albania.

OHRID ROUNDTABLE

Background. Since the inception of the SBDI, a need to hold an international meeting was expressed in numerous occasions principally by Macedonia. Discussions about a "conference" were also held during the Coordinating Group meetings on January 29, 1997 in Sofia and again on March 27, 1997 in Skopje. A resolution was adopted in the latter CG meeting for organizing an East-West Transport Corridor Conference in Ohrid during the week of October 13, 1997 with TDA's sponsorship.

Discussion. It is now clearly established that the three Balkan governments endorse the idea of holding a "conference". Therefore, it is necessary at this time to define the objectives, anticipated topical coverage and expected participation in such a meeting. Because of the apparent difference between the perceived promotional and developmental benefits of an international conference by the three countries and the realistic expectation of private sector interest in the development and operation of the corridor, it is important to delineate the anticipated status of TDA-funded projects as of October 1997.

Our pre-feasibility study on the economic viability of the East-West Corridor should be near completion by October. Sea-Land's feasibility assessments of intermodal terminals in Sofia and Skopje should also be near completion by then. Wilbur Smith's feasibility study of Macedonian Railways is expected to be partially complete. Very preliminary findings of our study so far indicate that the Corridor as a whole does not appear to be feasible in a purely private sector sense. However, parts (or specific components of the Corridor) such as intermodal terminals in Skopje and/or Sofia, TTOFC service between Durres and Albania-Macedonia border, specific terminal developments in Varna and/or Burgas, may be feasible for private sector participation.

In addition to the above, there are a number of engineering/construction transportation projects in the region that are either in progress or will soon be commissioned by various organizations such as the World Bank, EBRD, the Kuwait Fund, and EIB. These projects include railroad construction between Kumanovo, Macedonia and the Bulgarian border, the completion of the rail link between Gyushevo, Bulgaria and the Macedonian border, rehabilitation of the Albanian railroad between Duress and Pogradeci near the Macedonian border, the Motorway between Skopje and Tetovo, the ring road around Skopje, motorways construction in Bulgaria, rehabilitation of the Albanian highway between Duress and the Macedonian border at Kafasan, and improvements and new constructions at the ports of Duress, Varna, and Burgas. These projects represent work opportunities for U.S. engineering and construction management companies.

Therefore: the focus and objectives of the "conference" must be guided by the following observations:

- (1) Emphasizing the "private" potential of the East-West Transport Corridor as the theme for the conference would be a mistake because the feasibility (if any) of such an undertaking is (at best) will not be established by October;

- (2) Widespread promotion of the Corridor without proven feasibility would be counter-productive and would adversely affect potential foreign investor interest;
- (3) It is expected that some specific Corridor components which offer potentially feasible operations will be ready for presentation by October.
- (4) TDA-funded procurement work in the region should be publicized to solicit complimentary assistance and integrate this work in the bigger picture of the East-West Corridor development.

Objectives and scope. Based on the above, it is recommended that the October conference be called the "Ohrid Roundtable". It should be focused on specific projects along the Corridor rather than the overall feasibility of the Corridor itself. It should solicit ideas and promote discussion concerning the most effective way to finance some of these projects (e.g. through public/private partnerships, through seed contributions on a bi-lateral basis, outright grants, soft loans, etc.) Furthermore, the Roundtable should include a working session where interested parties (foreign equity investors/operators, creditors, and public agencies in the three governments) can discuss individual needs, requirements, and concerns for implementation of specific projects.

As such, the Roundtable's attendance should include the following representation:

- (1) Officials of the three governments to describe their financial, legal, institutional, and regulatory environment for foreign investments, formation and operation of public-private sector ventures, expatriation of dividends, taxation, and other matters affecting foreign investor interest and commitment to specific projects along the Corridor. Total of 15 people.
- (2) Representatives of the two other governments (Turkey and Greece) that signed the MOU establishing the East-West Corridor. Total of 2.
- (3) Invited potential investors and TDA contractors to report on findings, conclusions, and recommendations pertaining to specific projects and on-going studies. Total of 9.
- (4) Invited representatives of IFIs (principally EBRD, the World Bank, and EIB) and private project financing organizations (such as Lazard Freres, Salomon Brothers, Paine Weber, Merrill Lynch, etc) to describe their programs and requirements and their initial reaction to specific projects presented in the Roundtable. Total of 10.
- (5) U.S. Government agencies (TDA, AID, Ex-Im Bank, OPIC) to describe their specific programs and requirements and assess leveraging SBDI assistance options for FY98 and FY99. Total of 6.
- (6) Representatives of bi-lateral donor agencies; Kuwait Fund, JICA and Jexim (Japan), Kfw and gtz (Germany), Cofisa (France), Turkish International Cooperation Agency (TICA) and Turkish Ex-Im. Total of 8.

- (7) Invited representatives of U.S. engineering and construction companies (Fluor, Parsons, Ebasco, Raytheon, etc) and construction and transportation equipment manufacturers (Caterpillar, Omni Products, GM-EMD) to learn about construction and equipment sales opportunities under on-going IFI funded projects along the Corridor. Total of 10.

This would be a total attendance of 60 people, if everybody showed up.

Bechtel International Inc.
San Francisco, CA.
May 14, 1997

OHRID ROUNDTABLE
(Preliminary Outline For July 1 Discussion with TDA)

Goals:

- * introduce IFIs, bilateral lenders, and other financial institutions as well as U.S. firms to the transportation project implementation opportunities in the Balkans;
- * describe the investment/business climate in the Corridor Countries;
- * provide the Balkan governments with expert advice on how best to structure their projects to attract financing and foreign operators.

Objectives:

- * review status of transportation projects on the East-West Corridor (level of specificity will depend on Roundtable timing - e.g. October 1997 or Spring 1998);
- * discussion of the most effective financing methods among representatives of governments, project finance groups, IFIs, bilateral organizations, engineering/construction firms and operating entities; and
- * discussion of the national institutions, regulations and financial arrangements that are most likely to encourage public and private sector participation in specific projects.

Participants:

1. Members of the SBDI Coordinating Group and other appropriate representatives of the five signatory governments (e.g. Transportation, Construction, Finance, or Foreign Economy).
2. Transport Operators and Engineering and Construction Firms (U.S. and domestic)
3. IFIs and Foreign Bilateral Lenders
4. TDA, EXIM, OPIC and AID
5. Private Investors and Commercial Banks

Proposed Agenda:

Tuesday

6:30 pm

Conference Opening
Welcome Reception and Dinner - Hosted by Macedonia

Wednesday

9:00 am

Overview of Roundtable and Introduction of VIPs
Rod Azama, Regional Director, USTDA

9:10 am

Remarks by J. Joseph Grandmaison, Director, USTDA

9:20 am

Remarks by the Minister of Transportation and Communications,
Macedonia

9:30 am

Remarks by the Minister of Transport, Bulgaria

9:40 am

Remarks by the Minister of Transportation, Albania

9:50 am

Introduction to the East West Corridor Concept
Mr. Hinov, Coordination Group

10:10 am

Macedonian Transport Needs and Business/Investment Climate
Macedonian government official(s)

10:40 am

Break

11:00 am

Bulgarian Transport Needs and Business/Investment Climate
Bulgarian government official(s)

11:30 am

Albanian Transport Needs and Business/Investment Climate
Albanian government official(s)

12:30 pm

Luncheon: IFI Participation in the Region

2:00 pm

Overview of East-West Transport Corridor
Bechtel

2:30 pm

Project Presentations: Railways and Roads
Government officials and consultants

3:30 pm

Break

4:00 pm

Project Presentations: Ports and Intermodal
Government officials and consultants

5:30 pm	<i>Adjournment</i>
7:00 pm	Dinner hosted by Albania
Thursday	
9:00 am	Panel: Project Financing and Implementation Requirements <ul style="list-style-type: none"> a. Engineering and Construction Firms b. Transport Operators c. Investors and Commercial Lenders d. Bilateral Agencies e. IFIs
10:30 am	<i>Break</i>
11:00 am	Panel (continued)
12:30 pm	Luncheon: "Guru" on afternoon topic???
1:30 - 5:00 pm	Consecutive Working Groups: Structuring the Package
1:30 pm	Group 1. Bulgaria
2:30 pm	Group 2. Albania
3:30 pm	<i>Break</i>
4:00 pm	Group 3. Macedonia
1:30 - 5:00 pm	Concurrent One-on-One Meetings
5:00 pm	Closing Remarks by TDA and Balkan government representatives
7:00 pm	Dinner hosted by Bulgaria

Issues to be discussed with TDA:

1) Timing of Roundtable: Spring 1998 vs. October 1997

- a) Albanian political situation has delayed work
- b) current uncertainty of project content and recommendations
- c) Coordinating Group will be better prepared
- d) time to show SBDI accomplishments
- e) time to prepare and coordinate papers and presentations
- f) interruption of activities during summer vacation

2) Speakers and invited participants

- a) identification
- b) invitation and coordination
- c) preparation of speakers concerning background and objectives
- d) achieving balanced interest in all three countries
- e) coaching Balkan speakers on timing, content, and use of AVs

3) Preparation of roundtable documents including informational letters, speaking points, briefing book, etc.

- a) who will prepare?
- b) how will they be funded?
- c) how can they be done to foster maximum results from the roundtable?
- d) will conclusions or recommendations be produced?

4) Roundtable logistics

Who will handle the following tasks?

- a) roundtable venue
- b) transportation to/from Ohrid
- c) interpretation/translation
- d) food & catering
- e) lodging

OHRID ROUNDTABLE

Goals:

- * introduce IFIs, bilateral lenders, and other financial institutions as well as U.S. firms to the transportation project implementation opportunities in the Balkans;
- * describe the investment/business climate in the Corridor Countries;
- * provide the Balkan governments with expert advice on how best to structure their projects to attract financing and foreign operators.

Objectives:

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Participants:

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2. Transport Operators and Engineering and Construction Firms (U.S. and domestic)
3. IFIs and Foreign Bilateral Lenders
4. TDA, EXIM, OPIC and AID
5. Private Investors and Commercial Banks

II. Briefing Material Summary Document (adapted from the Briefing Book)

- A. **Regional Traffic Demand and Emerging Trends in Transportation**
- B. **Business and Investment Climate/Institutions** in Albania, Bulgaria and Macedonia
- C. **Brief Review of Projects to Be Presented:** This will be a synopsis of what is in the Briefing Book, including a brief analysis of objectives, procurement needs, and investment opportunities. It will provide sufficient material for the attendees to prepare for the Roundtable and to interest them in taking part in the discussions and in receiving the full book in Ohrid.

TDA may elect to task the Technical Advisory Services contractors with this effort or it may select a separate Roundtable Contractor. TDA may also assign the preparation of the Briefing Material and the Roundtable Coordination to one contractor for better and efficient management of the entire effort.

Preliminary List of Invitees:

U.S. Investors/Construction and Engineering Firms:

Bechtel Group
Fluor Daniel
Parsons Group
Parsons Brinckerhoff
ICF Kaiser
Brown and Root
STV/Lyon
Harza Engineering
Black and Veatch
Raytheon Infrastructure Group
Soros Associates
Han Padron Associates
Bill Harbert International Construction
Ebasco
Burns and McDonald
Stone and Webster
Duke Engineering
Louis Berger International
Morrison Knudsen
Atlas Construction

Equipment Supply Firms:

Caterpillar
Omni Products
GM-EMD
GE Transportation Systems
Cubic (Automated Toll Collection)
Automatic Equipment Company
AEG/Westinghouse
Motorola
Allied Signal
Harmon Industries
Glenayre Digital Systems
Trimble Navigation Limited
Manitowoc Engineering
FMC Corporation
Ingersoll Rand
Hyster Company (Nacco Industries)
GE-Harris Railway Electronics
Trinity Industries
Grennbrier Companies
and other SBDI contractors (from BPC)

Financial Institutions:

GE Capital
Chase Securities/Chase Manhattan
Emerging Markets Partnership
Lazard Freres
Salomon Brothers
Paine Weber
Merrill Lynch
CitiBank
Goldman Sachs
Lehman Brothers
Bank of America
ABN AMRO Bank
Deutsche Bank
Dresdner Bank
Barclays Bank
Swiss Bank Corporation
Morgan Stanley
CS First Boston
J.P. Morgan

IFIs:

World Bank
International Finance Corporation
European Bank for Reconstruction and Development

U.S. Government:

USTDA
Department of State
Ex-Im Bank
OPIC
USAID
Foreign Commercial Officers in Albania, Bulgaria, & Macedonia

Proposed Agenda:

Tuesday , June 2, 1998

6:30 pm

Conference Opening

Welcome Reception and Dinner - Hosted by Macedonia

Wednesday , June 3, 1998

9:00 am

Overview of Roundtable and Introduction of VIPs

Rod Azama, Regional Director, USTDA

9:10 am

Remarks by J. Joseph Grandmaison, Director, USTDA

9:20 am

Remarks by the Minister of Transportation and Communications,
Macedonia

9:30 am

Remarks by the Minister of Transport, Bulgaria

9:40 am

Remarks by the Minister of Transportation, Albania

9:50 am

Introduction to the East West Corridor Concept

Mr. Hinov, Coordination Group

10:10 am

Macedonian Transport Needs and Business/Investment Climate
Macedonian government official(s)

10:40 am

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Bulgarian Transport Needs and Business/Investment Climate
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Albanian Transport Needs and Business/Investment Climate
Albanian government official(s)

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Luncheon: IFI Participation in the Region

2:00 pm

Overview of East-West Transport Corridor
Bechtel

2:30 pm

Project Presentations: Railways and Roads
Government officials and consultants

3:30 pm

Break

4:00 pm

Project Presentations: Ports and Intermodal
Government officials and consultants

5:30 pm

Adjournment

7:00 pm

Dinner hosted by Albania

Thursday , June 4, 1998

9:00 am

Panel: Project Financing and Implementation Requirements
a. Engineering and Construction Firms
b. Transport Operators
c. Investors and Commercial Lenders
d. Bilateral Agencies
e. IFIs

10:30 am

Break

11:00 am

Panel (continued)

12:30 pm

Luncheon: "Guru" on Infrastructure Project Packaging

1:30 - 5:00 pm

Consecutive Working Groups: Structuring the Package

1:30 pm

Group 1. Bulgaria

2:30 pm

Group 2. Albania

3:30 pm

Break

4:00 pm

Group 3. Macedonia

1:30 - 5:00 pm

Concurrent One-on-One Meetings

5:00 pm

Closing Remarks by TDA and Balkan government representatives

7:00 pm

Dinner hosted by Bulgaria



TO: Mr. S. Sultan
Chief Transportation Planning Engineer
Behtel Corporation

20 June, 1997

SUBJECT: BDZ Grade Crossing Information for OMNI Elastomeric Pads

Dear Mr. Sultan,

In reply to your request regarding the collection of information about the 7 Sofia' grade crossings, we held a meeting with Mr. S. Evtimov - Deputy General Director of BDZ on 4 July 1997. There we presented the data you asked for to the BDZ' representatives. Then becomes necessary to carry out the relevant measurements on place.

At the end of the last week we received the data for these grade crossings and afterwards we needed some time to draw and translate them.

As a result we are sending you the schemes with the relevant measurements of the following grade crossings:

1. crossing km 1⁺⁶⁷⁸ between stations Poduene and Birimirtchi;
2. crossing km 3⁺⁵⁰⁰ between stations Zaharna Fabrika and Serdika;
3. crossing km 4⁺⁰⁸⁰ between stations Zaharna Fabrika and Serdika;
4. crossing km 1⁺⁹³³ of Zaharna Fabrika station]
5. crossing km 5⁺⁴⁶⁵ between stations Zaharna Fabrika and Gorna Banjia;
6. crossing km 18⁺⁷⁵⁰ between stations Kazitchene and Elin Pelin;
7. crossing km 52⁺⁷⁵⁰ on line Radomir - Kjustendil, between stations Kopilovtci and Kjustendil;

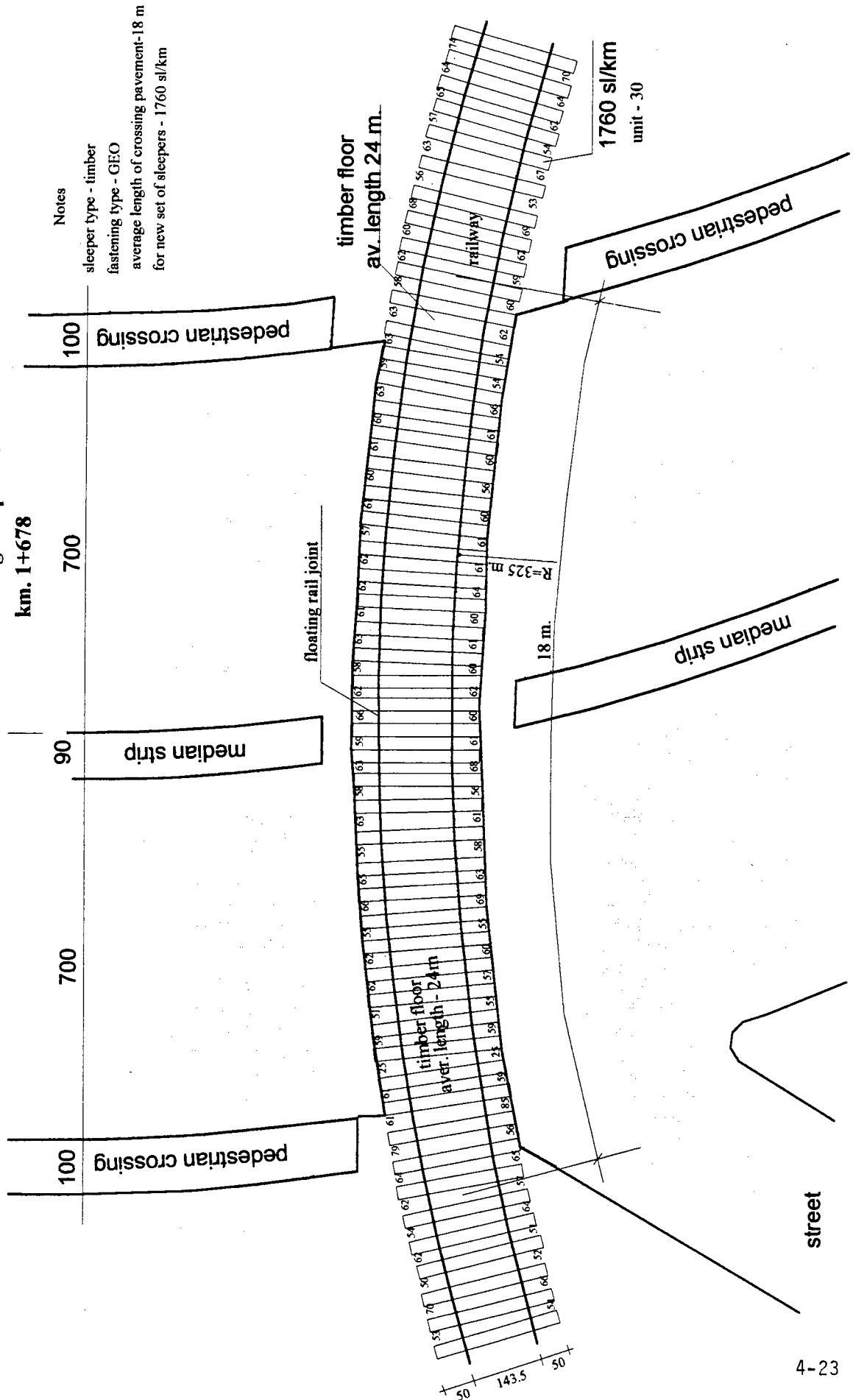
The above crossings were proposed by BDZ and all of them with the exception of crossing No 7 are situated on the area of Sofia city. The last one is situated out of this area, but there is intensive traffic passing through this crossing. For this reason BDZ suggests to be included on this pilot group.

Looking forward to hearing from you soon, I remain:

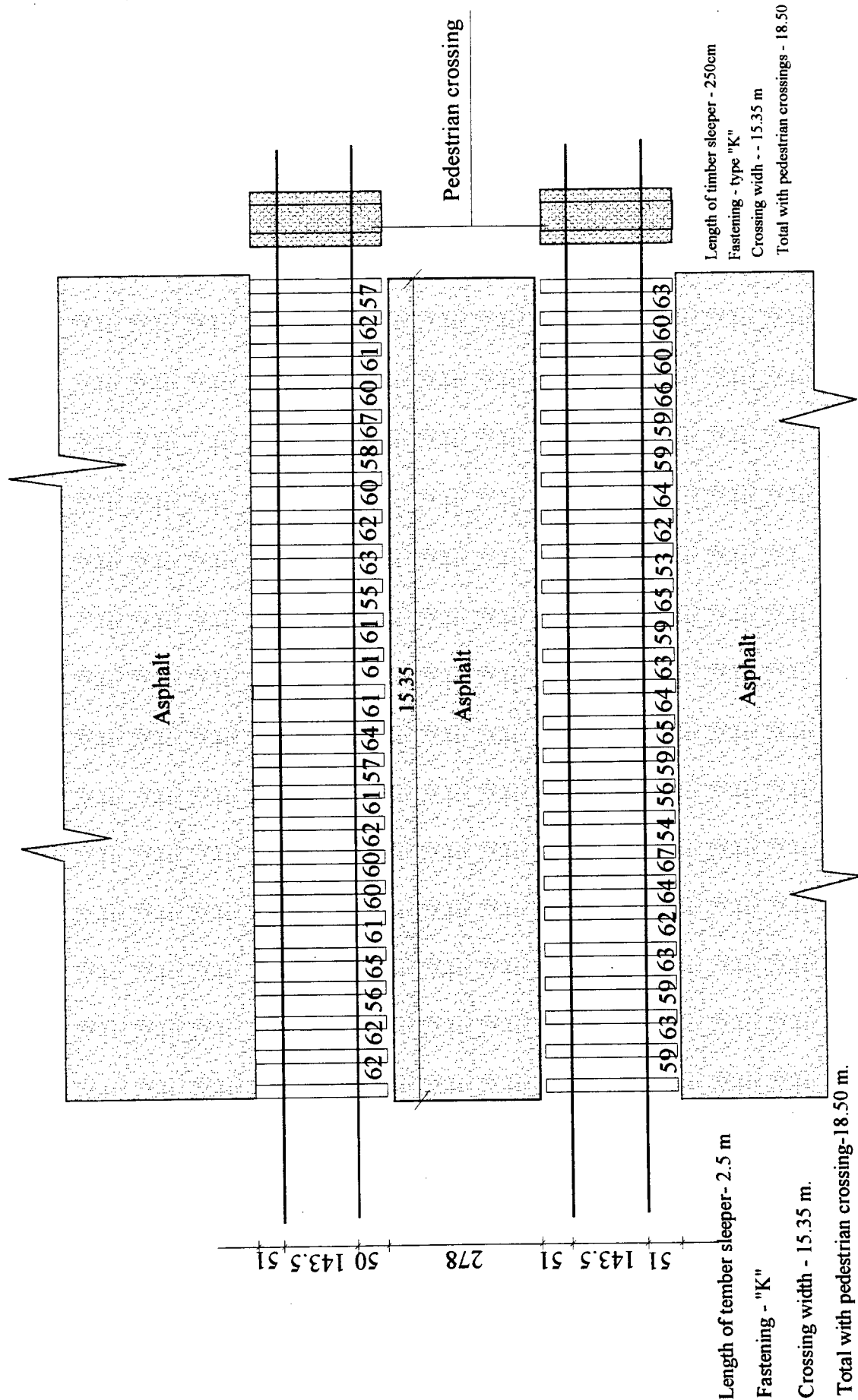
Yours sincerely:

Christo Chakarov
General Director

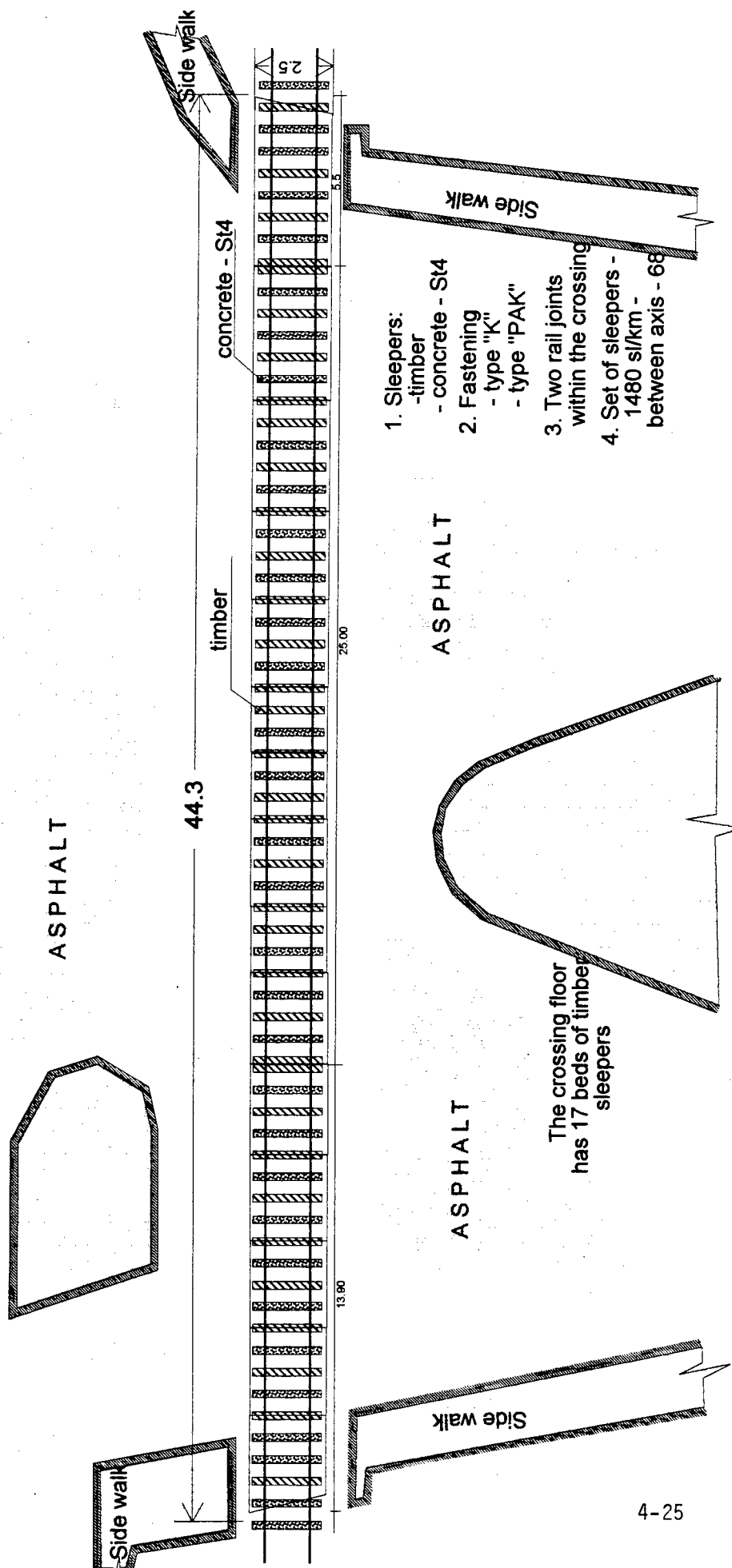
LAYOUT of level crossing "Republica" km. 1+678



LAYOUT of level crossing "Shtrosmajer" - km. 1+933



LAYOUT of level crossing of ringroad line N14 - km 3 + 500 between stations "Zaharna Fabrika" and "Serdika"



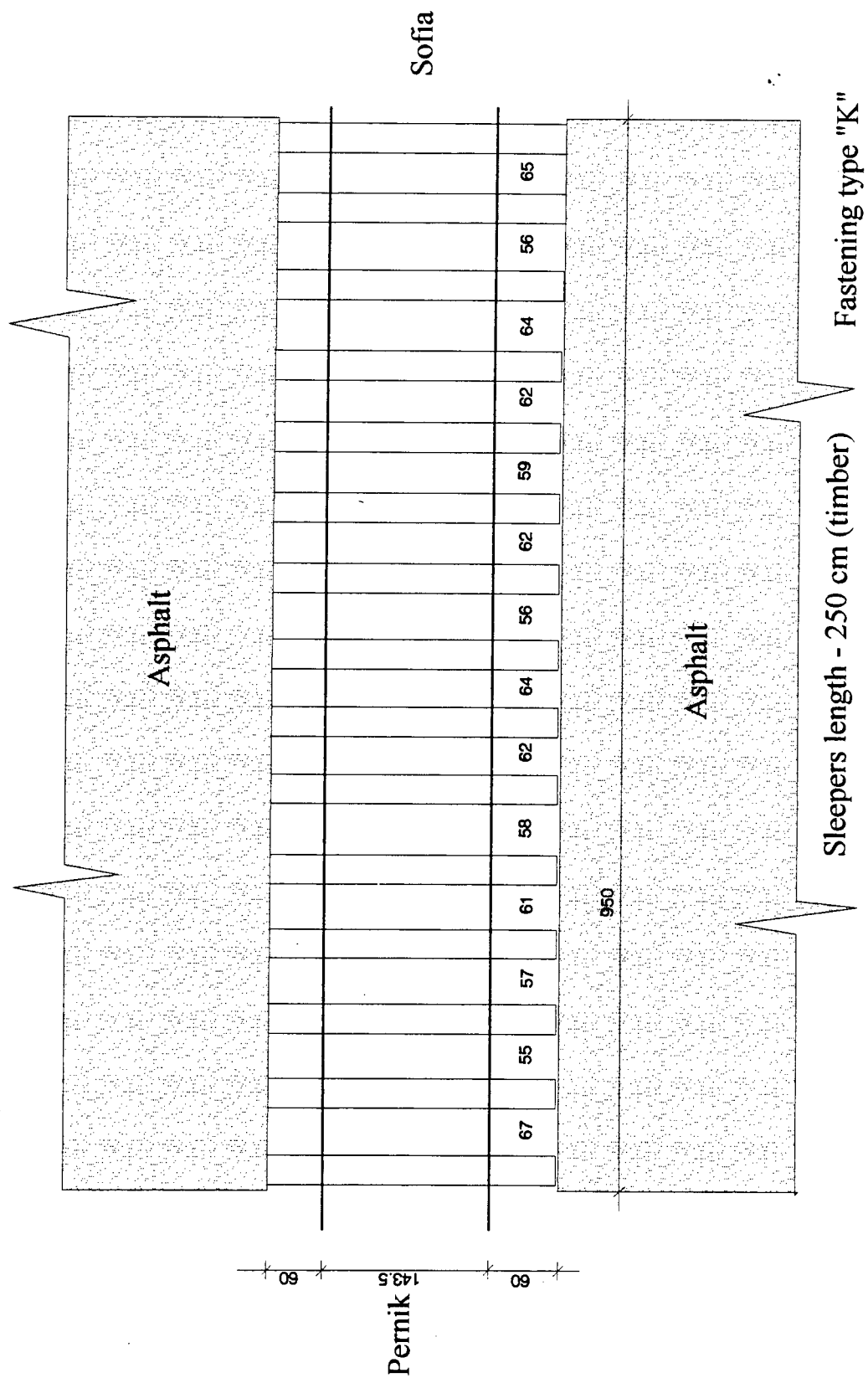
LAYOUT



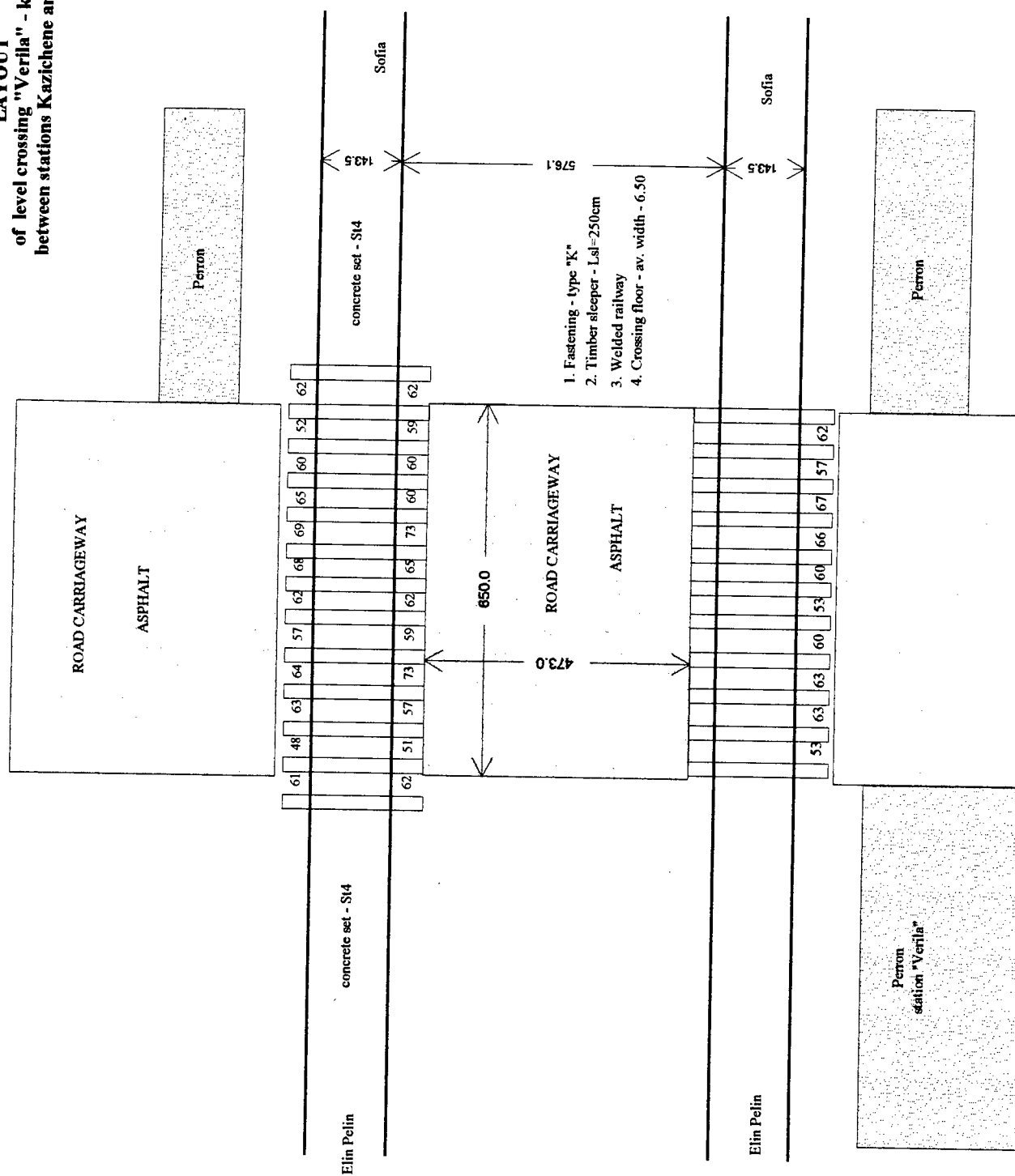
4-26

Level crossing km 5+465

Zaharna Fabrika - G. Banja



of level crossing "Verila" - km 18+750
between stations Kazichene and Elin Pelin

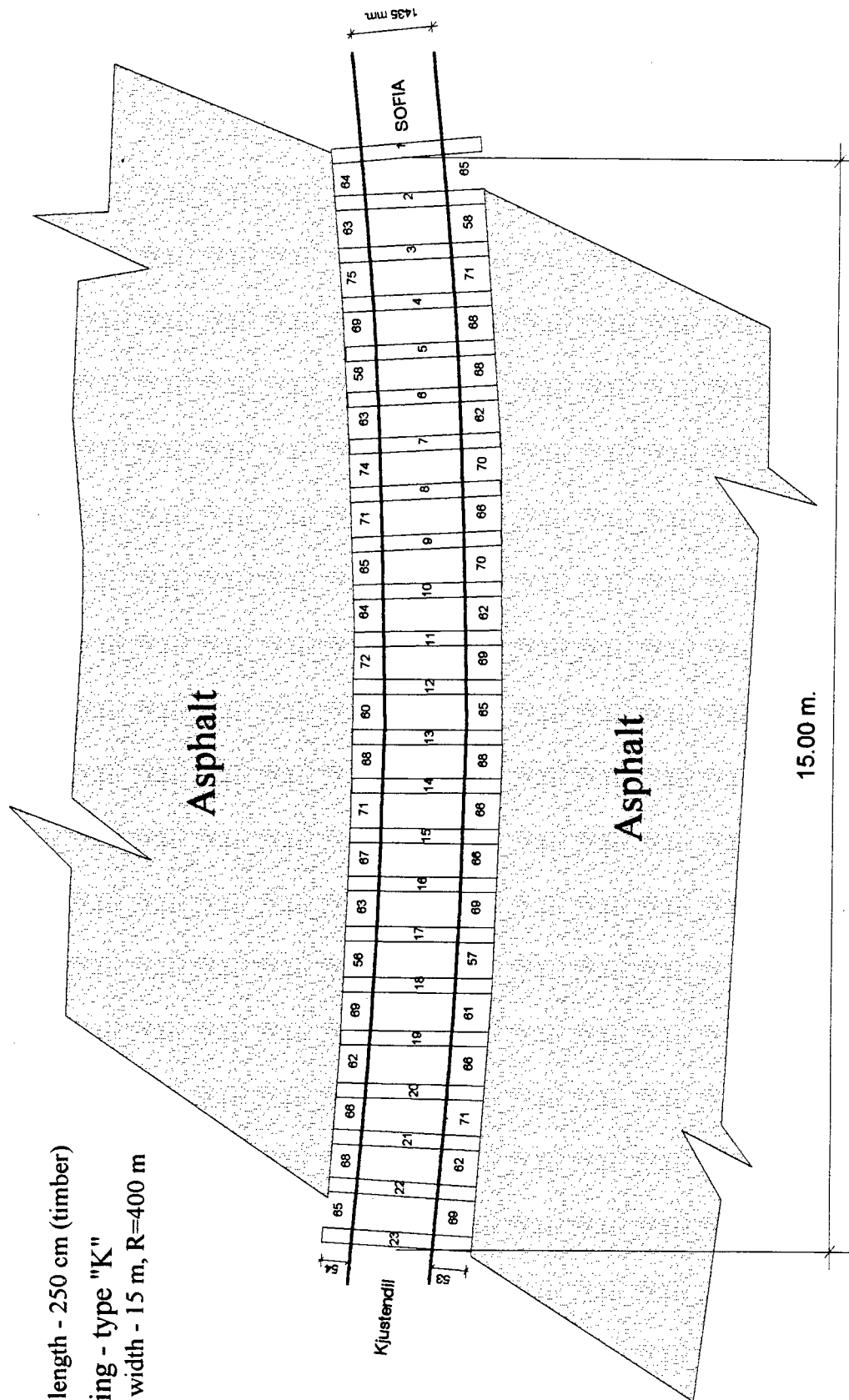


Level crossing km 52+340 **Kopilovci - Kjustendil**

Sleepers length - 250 cm (timber)

Fastening - type "K"

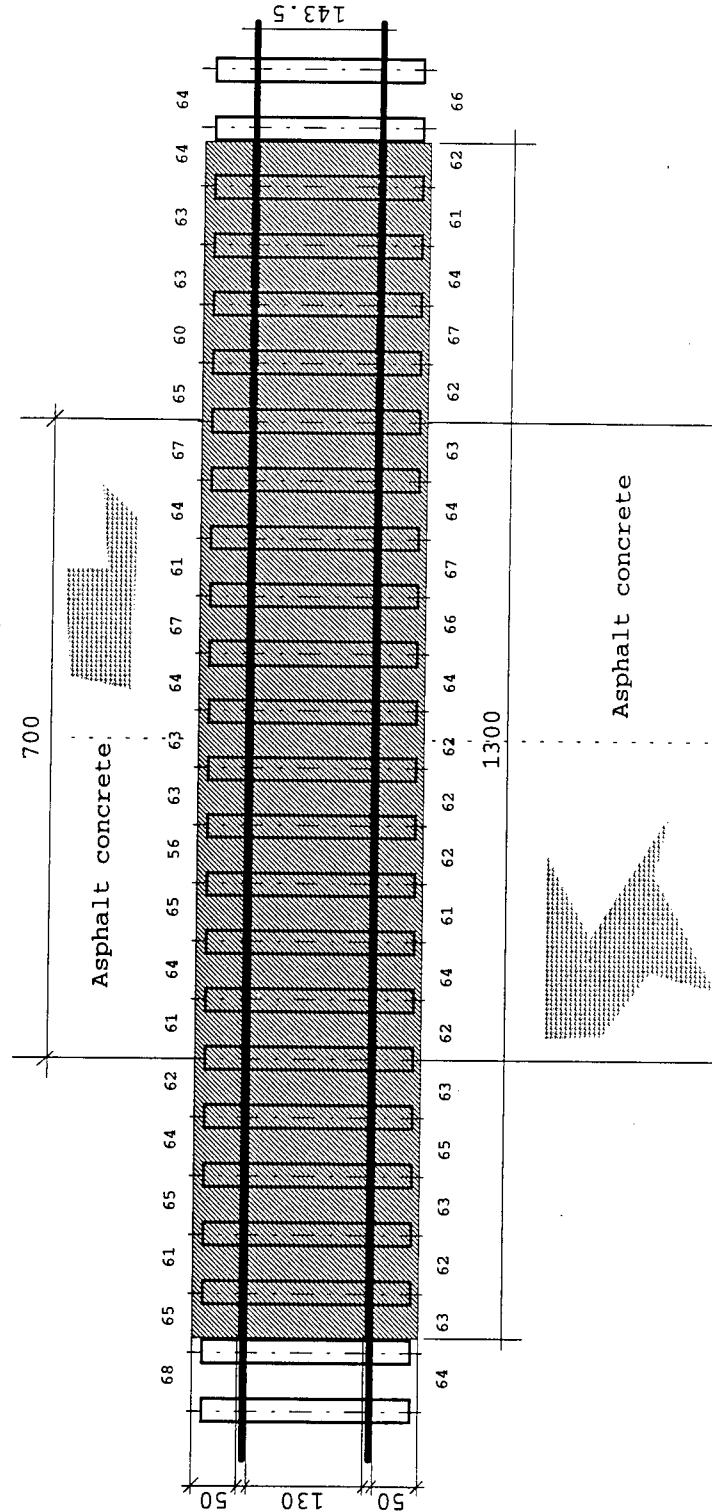
Crossing width - 15 m, R=400 m



LAYOUT

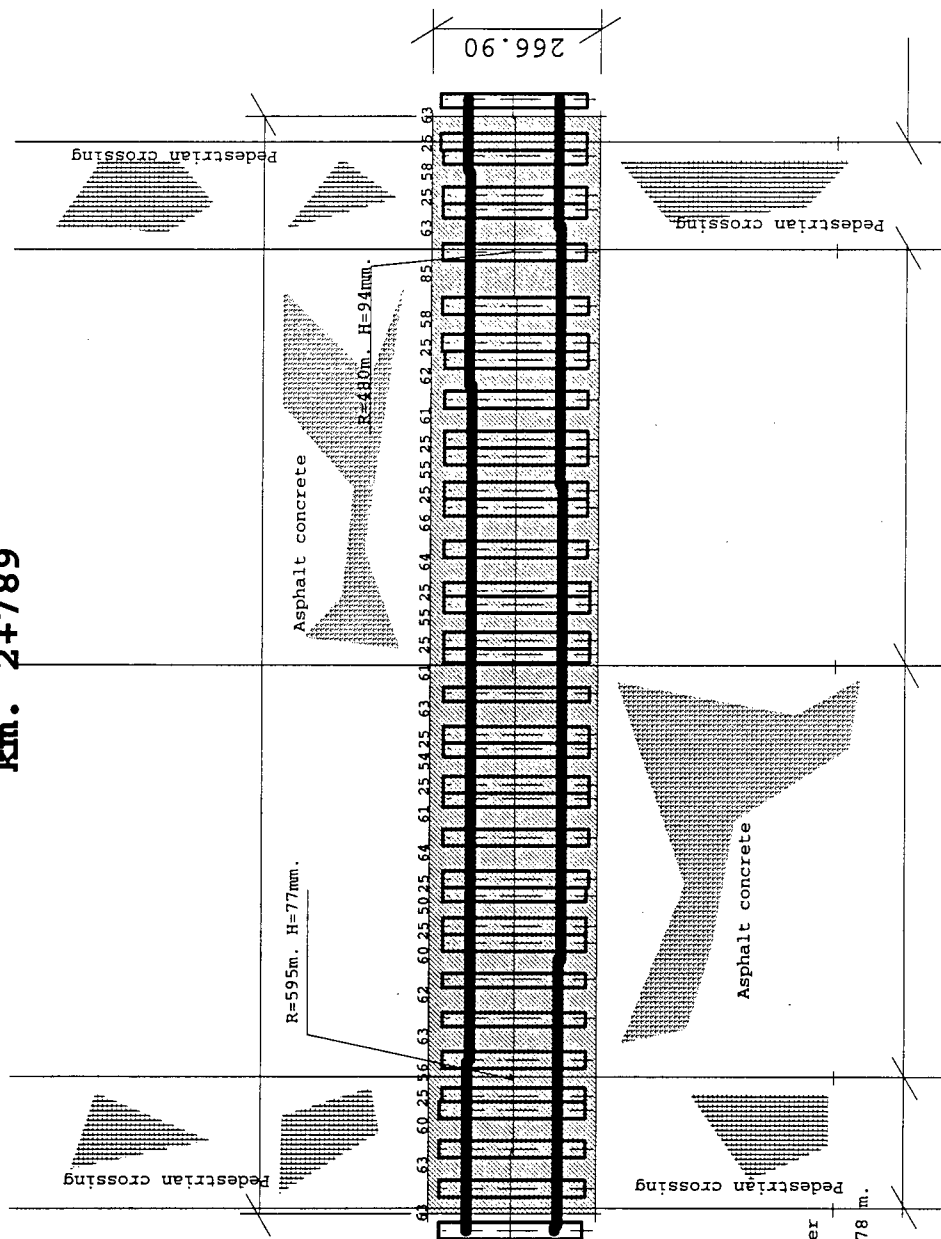
of level crossing "Birimirtzi - Podouene"

km. 7+250



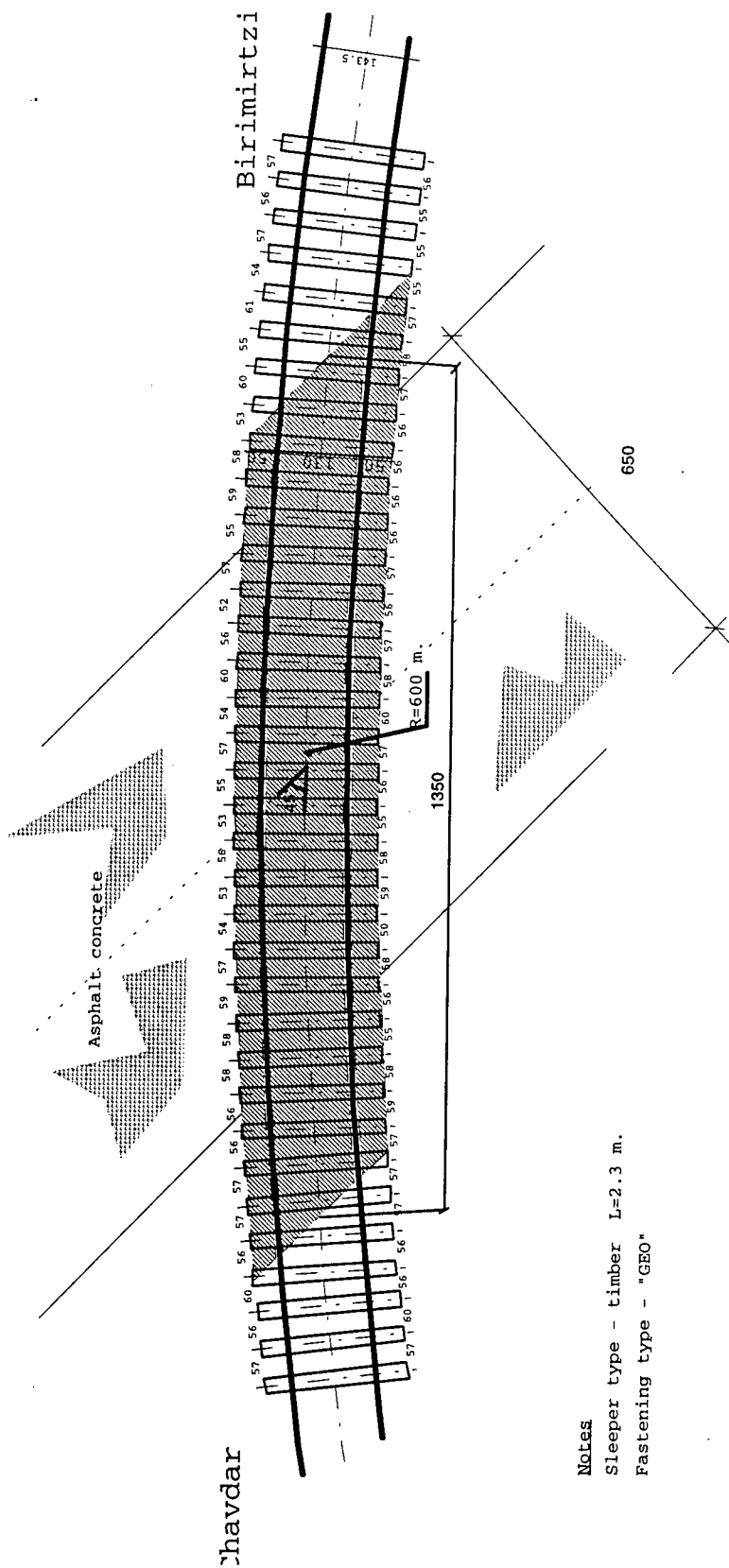
Notes
 Sleeper type - timber
 Fastening type - "GEO"

LAYOUT of level crossing "Plovdiv - Philipovo" km. 2+789



NOTES
 Sleeper type - Timber
 R=455 m.
 L transition curve=78 m.
 H=100 mm.

LAYOLT
of level crossing "Chavdar - Birimirtzi"
km. 3+770



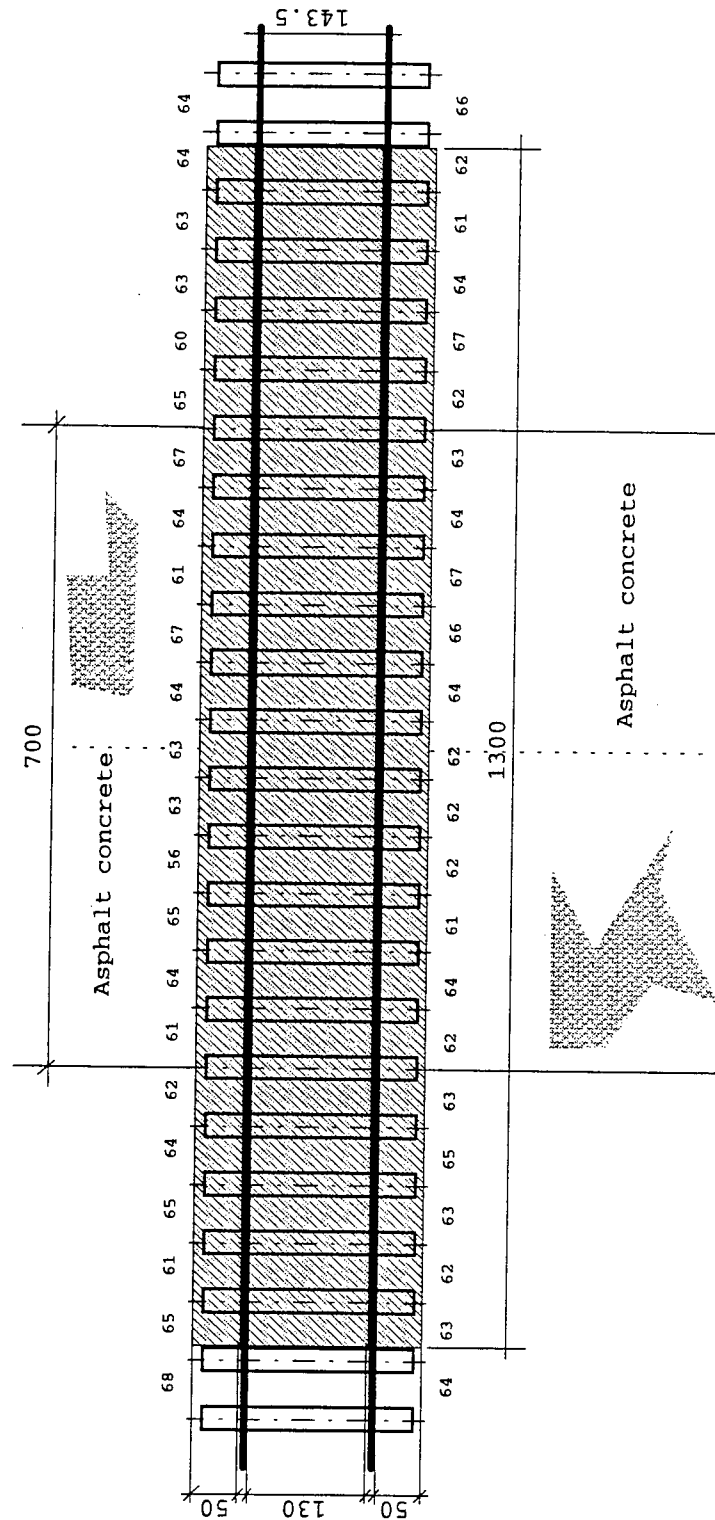
Notes
 Sleeper type - timber L=2.3 m.
 Fastening type - "GEO"

LAYOUT



Notes
 Sleeper type - timber
 Fastening type - "GEO"

LAYOUT **of level crossing "Birimirtzi - Podouene"** **km. 7+250**

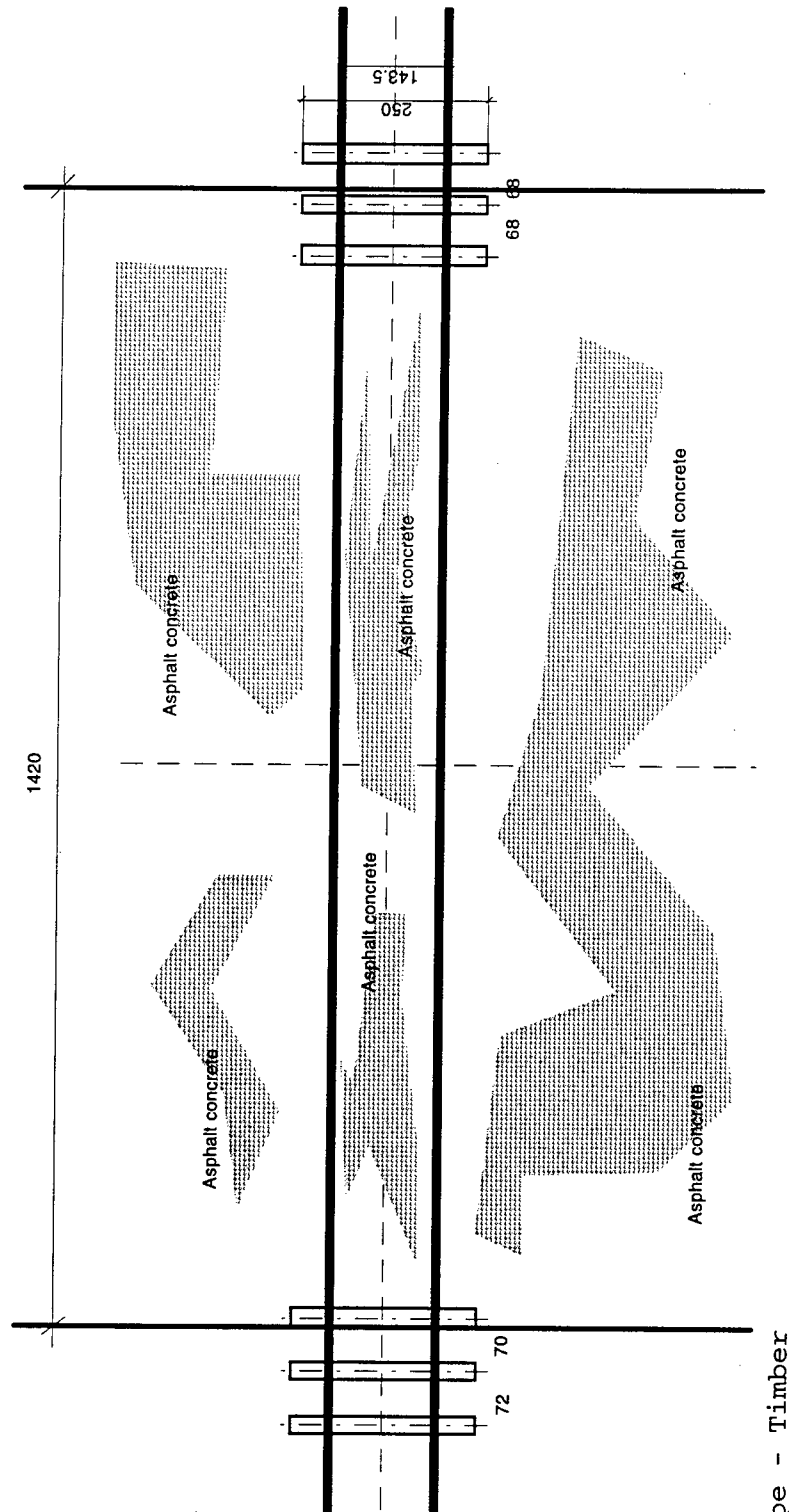


Notes
 Sleeper type - timber
 Fastening type - "GEO"

LAYOUT

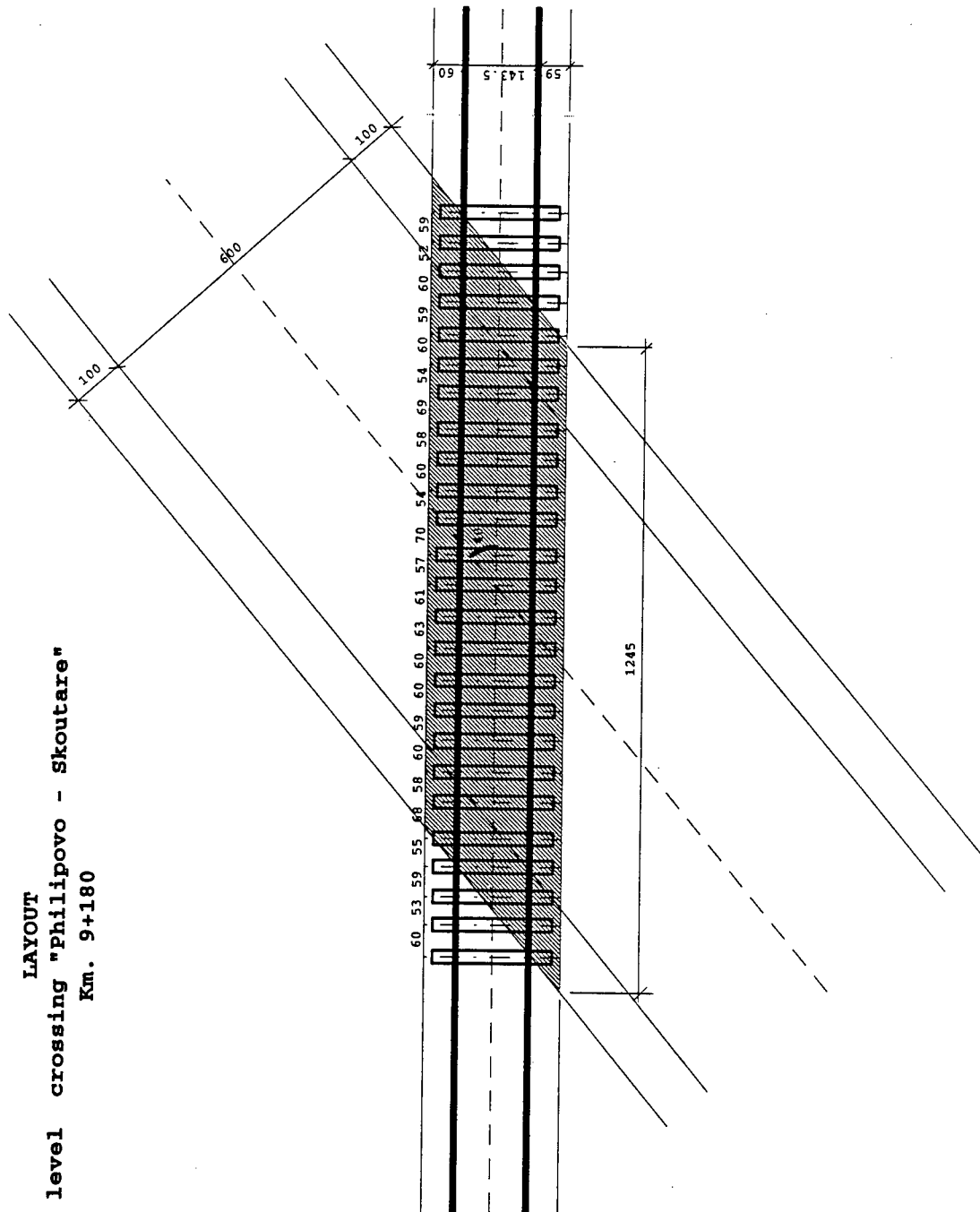
of level crossing "Podouene - Pioner"

km. 7+270



Notes
 Sleeper type - Timber

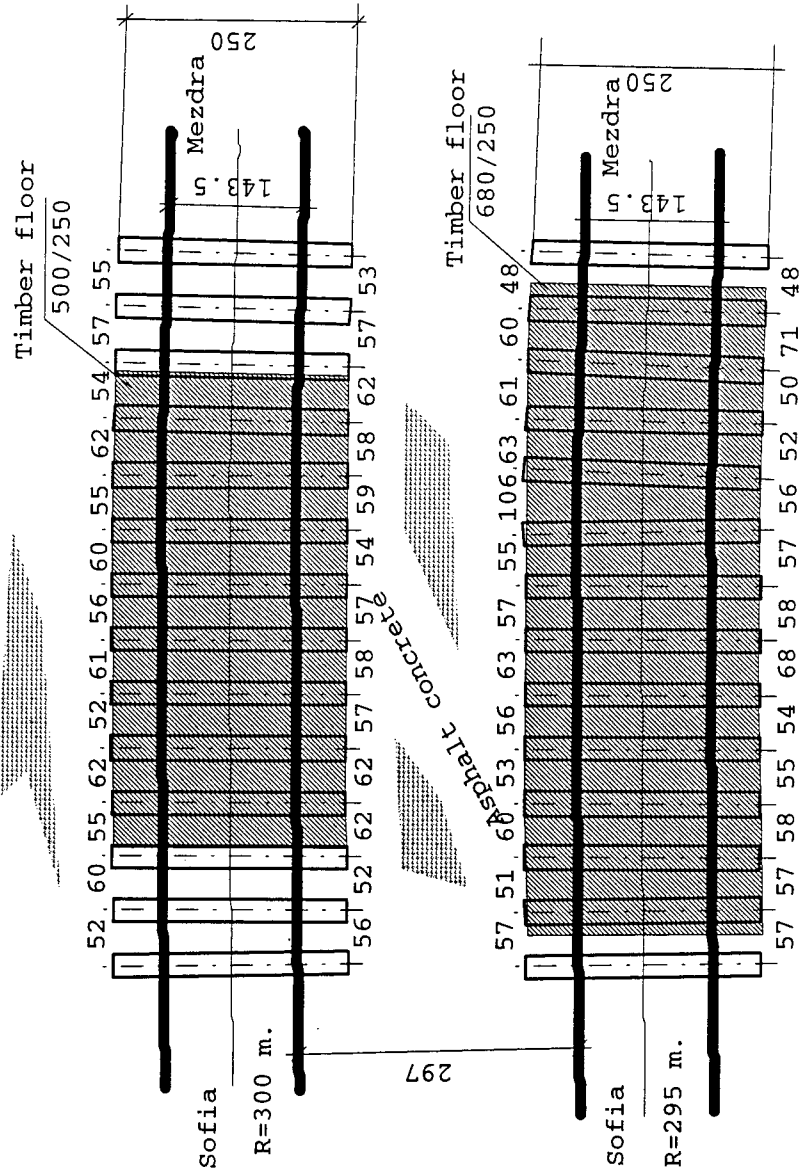
LAYOUT
level crossing "Philipovo - Skoutare"
Km. 9+180



LAYOUT

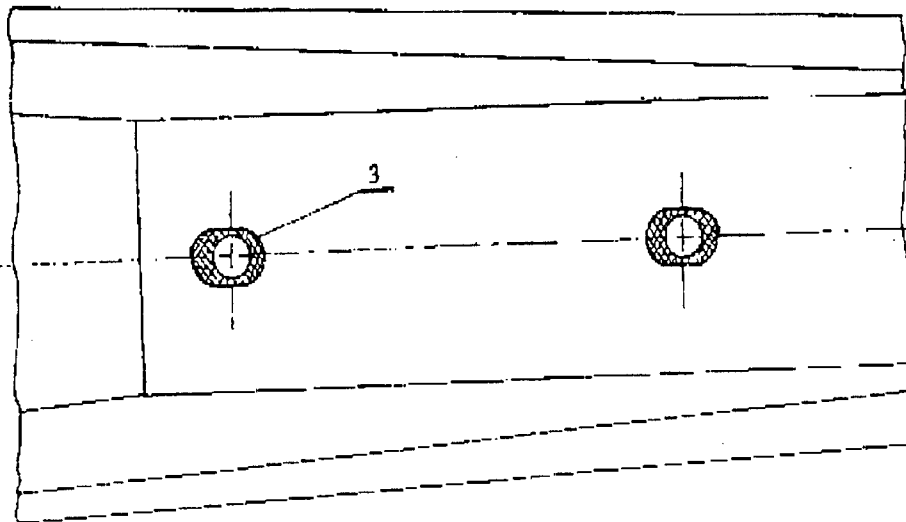
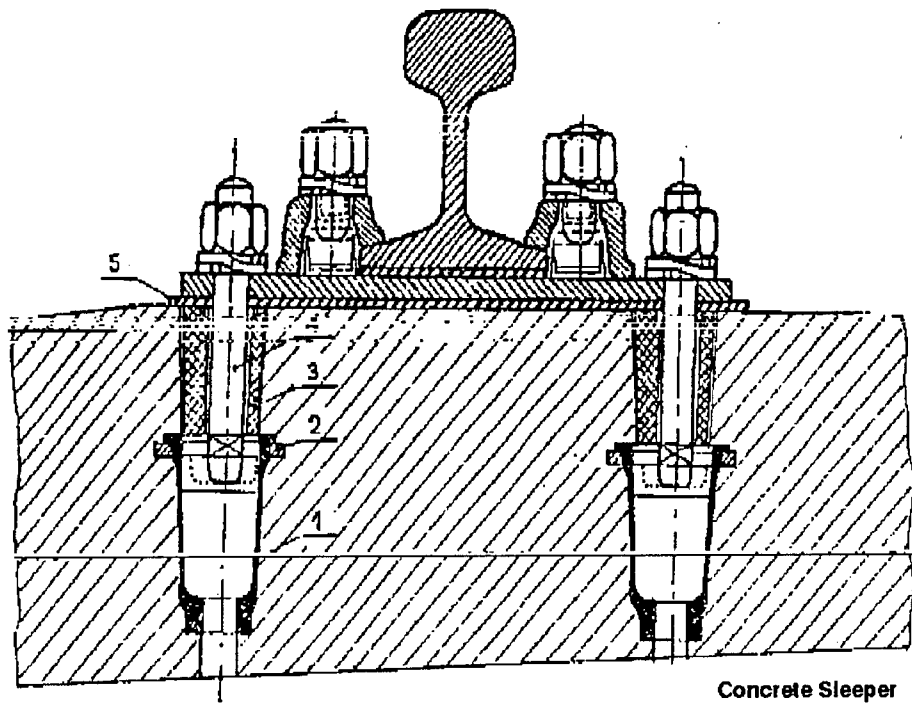
of level crossing "Levishte - Eliseyna"

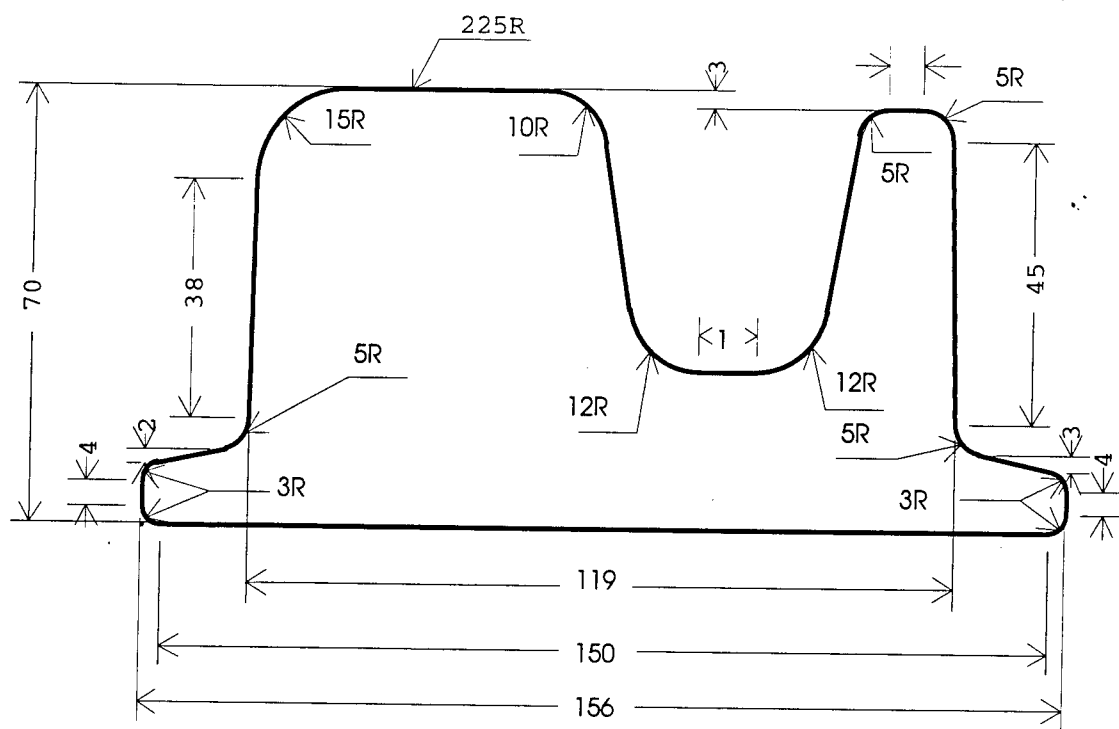
km. 62+490



Notes
 per type - timber $L=2.5$ m.
 :tening type - "K"

Fastener Type "PAK"





Appendix I

Appendix 1

This appendix presents protocol's working papers and reports of international, European, and regional meetings and conferences that are pertinent to the South Balkan Development Initiative (SBDI) in general, and to the implementation of the Pan-European Transport Corridor Number 8, the East-West Corridor.

They are as follows:

1. Kiev Declaration; Black Sea Transport Conference held in Kiev May 15-16, 1997.
2. Meeting of the Minister of Transport for the Development of the Corridor VIII – Asia Transcontinental Link, September 1-3, 1997, Bourgas, the Republic of Bulgaria.
3. Commission staff working paper – joint meeting of Minister of Transport of CEECS and Ministers of Transport of the member states, October 9, 1997.
4. Towards a Pan-European Transport Network, report on adjustments to Crete Corridors.

KYIV DECLARATION

BLACK SEA TRANSPORT CONFERENCE

The Ministers of Transport of the countries of the Black Sea Region and their representatives and those of the Member States of the European Union; as well as members of parliament of these countries, Members of the European Parliament, representatives of the European Commission and officials of the organizations representing transport operators and users in the Black Sea Region, representatives of BSEC, CEI and of the international and regional political, financial and public organizations, met at the kind invitation of the Ministry of Transport of Ukraine, in Kiev, on May 15th and 16th, for an

International Black Sea Transport Conference

The participants exchanged views on the activities of the countries of the Black sea region and of the European Union in the field of transport, with special consideration of issues related to the development of regional transport networks in a pan-European framework and with regard to the third pan-European Transport Conference to be held 23rd to 25th June 1997.

The participants recalled the decisions reached at the Moscow Meeting of the Heads of State and Government of the BSEC participating states (25th October 1996), the Sofia Conference of the Ministers of Transport of the BSEC and CEI countries (21st-22nd November 1996), the Tbilisi TRACECA-BSEC Transport Conference (8th-9th April 1997) and the European Conference of Ministers of Transport (20th-22nd April 1997, Berlin).

The participants confirmed the adherence of their states to the common approach towards the creation of a pan-European transport policy and a pan-European transport system adopted at the second pan-European Transport Conference held 14th-16th March 1994 in Crete.

The participants of this Conference:

- ◆ **noting** that the third Pan-European transport conference will take place in Helsinki in June 23rd to 25th, 1997;
- ◆ **desiring** to draw the attention of that conference to the major transport issues of cooperation and practical needs of the countries of the Black sea region;
- ◆ **desiring** strongly that the interests of the Black Sea Region be taken into account in the preparation of the Conference, given the importance of trade and transport flows in the Black Sea Region within the context of international trade, as well as the importance of transport infrastructure, especially that linked to shipping and aviation, and urging these interests to be represented during the Conference itself and in the follow-up to this Conference;
- ◆ **observing** that there has already been cooperation in the Black Sea Region, and that substantial progress has been achieved within the Black Sea Economic Cooperation (BSEC);
- ◆ **stressing** the importance of an efficient transport system for the promotion of a balanced economic and social development of the region;
- ◆ **respecting** the principles of international law and practices;
- ◆ **bearing** in mind that there is a common interest of the countries in the Black Sea Region to have an integrated and efficient regional transport system which can facilitate business, trade, tourism and economic development in the region;
- ◆ **desiring** to take concrete steps for the enhancement and development of a multimodal regional transport network in the Black Sea region, integrated with the trans-European Network, the pan - European corridors and TRACECA, as well as the need to improve transport services;
- ◆ **emphasizing** that in order to provide the required level of service for international traffic, border crossing conditions and facilities along the routes and at terminals are important elements of the road, rail, port and airport infrastructure, and

therefore measures aiming at simplification of administrative and customs procedures should be promoted;

- ◆ **recognizing** the need to ensure free and fair competition in the provision of transport services;
- ◆ **considering** that the development of transport strategies in the Black Sea Region should also take into account the negative impacts of transport on the environment and safety aspects, and therefore these aspects should be integrated in the investment planning process;
- ◆ **emphasizing** that the Black Sea region countries make full use of the existing international conventions and agreements, guidelines, standards and arrangements offered under the auspices of existing organizations and agreement and the need for the harmonization of the relevant regulatory frameworks;
- ◆ **affirming** their will to make efforts to conceptualize and develop a transport system consistent with the sustainable mobility concept which should be encouraged in order to achieve a long-term vision which can serve as a development goal;
- ◆ **stressing** that the Conference has taken into account proposals from a number of countries for the further development of transport corridors, consider it necessary that these proposals are submitted for formulation to the BSEC secretariat and forwarded to the European Commission;
- ◆ **recognizing** that joint political action is needed;

AGREE to strengthen cooperation in transport development, and in particular promotion of integrated, multimodal transport networks, as well as of efficient transport services, particularly in the framework of BSEC;

AGREE that cooperation in the development of integrated, multimodal transport networks should aim to promote the inter-connection of national networks of transport infrastructures of the countries of the region in order to create multimodal and interoperable networks;

AGREE that this cooperation should take place according to the following principles:

- I. **NON-DISCRIMINATION** in bilateral and other relations; regulatory and other measures should treat operators from all countries in a similar manner;
- II. **COOPERATION** in the transport field, inter alia through transport research activities, especially in resolving border crossing problems, in developing data collection programs and project evaluation capabilities;
- III. **COST COVERAGE** in the use of transport infrastructure: the user of the infrastructure should contribute to investment and maintenance cost and to the coverage of external cost elements;
- IV. **SUSTAINABILITY**, both from purely environmental point of view and in use of energy and other resources;
- V. **PROTECTION** of passengers and transport workers against risks in safety matters and ensuring social conditions as well the safety of cargoes;
- VI. **TRANSPARENCY** in decision making in order that the principles of the market economy are observed and that distortions of competition are avoided

AGREE to pursue the recommended principles and measures contained in the Annex to this Declaration.

RECOMMEND that the Black Sea Conference participants work actively to ensure that transport issues of the Black Sea region are adequately represented in the overall pan-European transport development process so as to guarantee their integration with the transport networks of the rest of the Continent, and covering all BSEC countries with regard to the pan-European transport corridors.

RECOMMEND that the principles of this Declaration be presented to the 3rd Pan-European Transport Conference, in Helsinki on June 23-25, 1997.

AUTHORIZE the Transport Minister of Ukraine to report the results of this Conference to the 3rd Pan-European Transport Conference and to collect with the assistance of the BSEC secretariat and submit the proposals of the BSEC participating states in order to be presented to the European Commission by June 1st, 1997 upon the approval of the proposing states.

CALL UPON the BSEC to pursue further the goals and objectives and to implement the decisions of the Conference;

CALL UPON the European Commission to support the work already begun within BSEC with a view to implementing this Declaration.

The Conference Participants thank the Minister of Transport of Ukraine for hosting this Conference and for his kind hospitality.

This Declaration was adopted in Kiev on Friday, May 16th, 1997

ANNEX TO THE KYIV DECLARATION

BLACK SEA TRANSPORT CONFERENCE

The following principles and recommendations are an essential basis for the implementation of the Declaration of the Black Sea Conference. The International Black Sea Transport Conference therefore considers important:

1. The countries of the Black Sea region should cooperate to plan a multimodal regional Black Sea transport network which reflects real and anticipated flows of goods and passengers. This planning exercise should involve all the countries of the region to ensure that the realization of transport networks takes place in a coherent andThe countries of the Black Sea region should concentrate on the identification of bottlenecks and impediments to smooth traffic flows and missing links in the existing networks. A network of multimodal road and rail links and terminals, inland waterways, ports and airports is a key factor in the inter Black Sea connections as well as the connections to Europe Union and other European countries. In identifying important infrastructure links in a regional Black Sea network, it should be recalled that the corridor concept should include major international ports and airports. In this respect, emphasis should be placed on identifying links from these nodes to the infrastructure networks of the region utilizing the existing facility of TEM and TER.
2. Planning efforts should be concentrated on projects of both a regional (Black Sea) and an international importance, taking into account transport flows and links between the Black Sea region countries, and between these countries the European Union and other European Countries.
3. Priority should be given to the improvement of short sea shipping and inland waterways services and the improvement of environmentally friendly modes striking a balance between the different transport modes in the region.

4. Projects should be evaluated as far as possible according to objective and verifiable socio-economic criteria including to the promotion of regional and spatial development.
5. Private participation and public-private partnership schemes should be encouraged and promoted. Attention should be given to the establishment of consistent, permanent and transparent legal, judicial, fiscal and regulatory frameworks to reduce the risks likely to be perceived by potential investors and operators.
6. "Soft" and cost - effective solutions to bottlenecks, such as the improvement/rationalization of logistical and administrative procedures, regulations, border crossing formalities, customs handling and forwarding routines, telecommunications, telematics, should be given priority over new infrastructure construction.
7. Given the scarcity of resources, priority should be given to the rehabilitation and reconstruction of existing infrastructure, the removal of bottlenecks or filling in the missing links rather than the construction of new infrastructure.
8. Emphasis should be given to the means of improving the efficiency and competitiveness of maritime transport in the region, in light of the large percentage of goods transported by sea. A weak link in this multimodal transport chain is considered the current port management and operating procedure as well as the administrative and customs procedures. In addition priority should be given to the improvement of the interface and interconnection of ports to the hinterland.
9. The modernization of air transport system, including aviation, airport infrastructures and ancillary systems should be encouraged in order to increase the overall capacity while enhancing its level of safety. Harmonization and integration between systems should be an objective.
10. VTMS and satellite-based positioning and navigation systems contribute to the improvement of the efficiency of the transport system, enhancing safety and particularly Search & Rescue operations.

Cooperation to improve transport services should ensure that the most efficient and the lowest-cost transport services can operate with a harmonized high standard (in terms of social, safety, and environmental domains), as defined by international conventions in force, across the common transport space of the Black Sea region. Cooperation will take place according to the following principles:

- A. Obstacles to free provision of transport need to be removed. The removal of obstacles to the free flow of transport is also a means of removing obstacles to the free flow trade; transport facilitation is therefore an integral component of trade facilitation and hence of economic development.
- B. A harmonious enforcement of safety, environmental and social standards as defined by international conventions and organizations, such as the IMO, ILO and MARPOL, or accepted norms such as those relating to Port State Control, and including those developed by UN-ECE, should be promoted, since the unequal application of such standards can often be a technical barrier to transport flows.
- C. Improvement of maritime transport services, within a multimodal transport chain, giving priority to short sea shipping.
- D. The development of an efficient, competitive, safe and secure system for air services should be promoted based on close cooperation between civil aviation authorities. In the case of airports, capacity increases can be obtained through the improvements of ATC systems.
- E. A transport research and development program for the Black Sea region is essential for strengthening the collaboration between the countries and the necessary political, administrative and financial support should be ensured.
- F. Cooperation in the domain of transport statistics should be facilitated by the collection of consistent and reliable data, particularly through the implementation of a standard collection methodology, compilation of procedures and models of traffic forecasting, as well as the diffusion to countries concerned and competent national and regional institutions.

G. A priority action on facilitation and simplification of administrative and customs procedures in accordance with international norms and conventions in force, especially by using telematics, should be taken.

H. Harmonization of the norms and technical characteristics (of vehicles and infrastructure) as well as legislation affecting transport should be promoted.

APPEAL
of the Countries Participating in
the Meeting of the Ministers of Transport for the Development
of Pan-European Corridor VIII - Caucasus - Central Asia
Transcontinental Link (TRACECA)

**to the European Union, the United States of America and the International
Financial Institutions**

1-3 September 1997, Bourgas, Bulgaria

Pointing out that during the last few years the countries from South-East Europe, the Caucasus and Central Asia have reached sufficient progress in the process of democratisation, in the political and economic reforms;

Considering the important role of the transport infrastructure for the economic growth and prosperity of their nations;

Wishing to undertake the necessary steps towards the efficient use of transport along the Transcontinental Link and above all - to reduce tariffs, to harmonise procedures, to increase safety, and to improve the quality of transport services;

Realising that their initiatives will undoubtedly contribute to enhancing the integrational processes in the countries from South-East Europe and to extending and consolidating the links of the sovereign States in the Caucasus region and Central Asia with the European Union and the United States of America;

Welcoming the assistance of the EU, the USA and the international financial institutions and their interest in the existing transport links between Europe and Asia and the increasing commodity flows between the two continents;

The Countries Participating In the Meeting of the Ministers of Transport for the Development of Pan-European Corridor VIII - Caucasus - Central Asia Transcontinental Link (TRACECA)

Underline that in order to reach the above mentioned objectives the EC, USA and the international financial institutions should encourage the business circles' interest in the projects within the framework of Pan-European Corridor VIII - Caucasus - Central Asia Transcontinental Link (TRACECA);

Point out that it is of crucial importance for the implementation to elaborate projects on the development of the Transcontinental Link and to attract investors from the EU and USA banking and business circles;

Emphasise that the assistance of the EU, USA and the international financial institutions for achieving the above mentioned objectives will be of decisive importance for the economic development and prosperity of the counties interested in the development of Pan-European Corridor VIII - Caucasus - Central Asia Transcontinental Link (TRACECA).

Bourgas, 3 September 1997



MEMORANDUM OF UNDERSTANDING
Meeting of the Ministers of Transport for the Development of
the Corridor VIII - Asia Transcontinental Link
1-3 September 1997
The Republic of Bulgaria, Bourgas

Preamble

The Minister of Public Works and Transport of the Republic of Albania,
H.E. Gaqo Apostoli,

The Minister of Transport of the Republic of Bulgaria, H.E. Wilhelm Kraus,

The Minister of Transport and Communications with the Macedonian
Government, H.E. Abdulmenaf Bedzeti,

The Minister of Transport of Georgia, H.E. Merab Adeishvili,

The Minister of Transport of the Republic of Turkey, H.E. Necdet Menzir,

The Minister of Road Transport of Turkmenistan, H.E. Senagouli
Rakhmanov,

The Vice-President of the State Corporation "Uzavtotrans" of the Republic of
Uzbekistan, Mr. Validjan Ismailov,

The Head of Department of Transport and Communications with the Ministry
of Economy of the Republic of Azerbaidjan, Mr. Ikram Sadujhov,

The Ambassador Extraordinary and Plenipotentiary of the Republic of
Kazakhstan to the Republic of Bulgaria, H. E. Touletai Souleimenov,

are hereinafter referred to as the Parties.

The meeting was also attended by:

Ambassador Extraordinary and Plenipotentiary of the USA to Bulgaria,
H. E. Avis Bohlen,

Charge d' Affaires a. i. of the Republic of Greece, Mr. Dimitrios Tziras,

Charge d' Affaires a. i. of the Italian Republic, Mr. Vincenzo Celeste,

Charge d' Affaires a. i. of the Delegation of the European Commission to
Bulgaria, Mr. Antony Kirk.

The Parties

wishing to implement the development of the transcontinental link from Central Asia to Europe, hereinafter referred to as the Transcontinental Link,

wishing to undertake all possible measures for the implementation of transport along the Transcontinental Link and namely to reduce tariffs and harmonize procedures, to improve services, safety and infrastructure,

considering the approach of the European Commission (EC), as well as the Ashgabat Declaration on the development of transport and communication infrastructure and network of transnational pipelines in the ECO region of 13-14 May 1997, to the constant increase of the importance of transport links between Europe and Asia and their use,

recognising the achievements of the Third Pan-European Transport Conference and other conferences in developing co-operation in the field of transport,

expressing their willingness to facilitate the adoption and implementation of the norms and policies based on common policies, multilateral agreements and conventions,

considering the Agreement signed by Georgia, Azerbaijan, Turkmenistan, Uzbekistan, Bulgaria and Kyrgyzstan on co-operation in the field of transit traffic regulation and the importance attached to further widening of its scope by covering road, railway, air and water transports,

considering the necessity to develop cooperation in the Black Sea Basin Pan-European Transport Area (PETRA),

convinced that reduction of time for border and customs checkpoints and border customs procedures will improve the transportation process,

convinced that for the realisation of the Transcontinental Link it is necessary to apply a multimodal approach, including road, railway, air and water transportation, sea and river ports and airports of international significance,

convinced that it is necessary to use all transport modes in implementing and linking the transport corridors,

convinced that traffic safety, the abolishment of crime, drug trafficking and smuggling are important prerequisites to the development of transport links,

convinced that the protection of the environment is one of the important tasks of transport,

convinced of the need to make the Transcontinental Link popular and to explain to the public the necessity of its establishment,

recognising the activities of all organisations and initiatives related to the implementation of the Transcontinental Link,

welcoming all the events so far conducted within the scope of the objectives set forth in this Memorandum of Understanding by the Parties and the international organisations,

welcoming the achievements in the development of transport infrastructure in the Republic of Turkey and the neighbouring EU member-states, the Italian Republic and the Republic of Greece,

welcoming the interest and the assistance of the European Union and the United States of America in the realisation of the Transcontinental Link between Europe and Asia,

agreed on the text of the following Memorandum of Understanding as a first step towards the achievement of its overall aim:

Article 1: Aim

The aim of this Memorandum of Understanding is to promote the development of the main and ancillary infrastructure along the Transcontinental Link, as defined in Article 2, with the priority given to the Black Sea Transport Area as defined in Helsinki, including sea and land connections. The development of the Transcontinental Link includes maintenance, upgrading and new construction of main and ancillary infrastructure, as well as the establishment of mutually acceptable forms of operation where appropriate.

The aim is to create conditions for bilateral and multilateral co-ordination of the activities as regards border and other types of control, the visa regime, adaptation of documents, services, studies and other activities in order to facilitate and improve the efficiency of traffic flows.

In addition to that the co-operation aims to define the necessary steps for the most efficient use of public and private funds as well as advanced technology and know-how.

Article 2: Definition of the Transcontinental Link

The Transcontinental Link is defined as follows: a transport infrastructure system, institutional and administrative activities for traffic stimulation and performance in the Europe - Asia direction and vice-versa.

The Transcontinental Link as a system is composed of road and railway infrastructure, ports and airports, combined transport infrastructure, including ancillary infrastructure, such as access roads, border crossings, all services, freight and passenger terminals, warehouses and corridor traffic management installations, as well as their compatibility with the transport infrastructure for all transport modes along this destination.

Article 3: Information Exchange

The Parties will provide each other with information on the development, use and operation of transport systems along the Transcontinental Link on a bilateral and multilateral basis, in accordance with their domestic legislation. This will include detailed data about the state of the infrastructure, the traffic flows, waiting time at the borders, specific services, document processing, upgrading, investments, measures planned or undertaken to organise the protection of the environment and measures envisaged for the development of the corridors and their interconnection.

Article 4: Practical Steps

The Parties will conduct co-ordinated activities, necessary for the implementation of this Memorandum of Understanding. Implementation will be bilateral and multilateral as regards the criteria, management and investment activities and other aspects related to the establishment of the Transcontinental Link. Special attention will be paid to:

- the formulation of priorities;
- the intensification of common efforts for taking concrete steps in order to further develop the implementation of the projects along Corridor VIII: Durres - Tirana - Skopje - Sofia - Bourgas - Varna;
- the acceleration of the future extension of the existing multilateral Agreement between Georgia, Azerbaijan, Turkmenistan, Uzbekistan, Bulgaria and Kyrgyzstan on co-operation in the field of transit traffic regulation by multilateral agreements on international transport in the region;
- the state of the existing infrastructure along the Transcontinental Link;
- completing the setting up, modernisation and upgrading of all connections between Varna - Bourgas, Poti - Batumi and Baku - Turkmenbashi as a basis for the development of the Europe - Asia connection across the Black Sea and the Caspian Sea;
- the development of Pan-European Corridor X, branch C: Nish - Sofia - Dimitrograd - Istanbul and its land link to the TRACECA route;
- the creation of favourable conditions for the attraction, facilitation and speeding up of traffic flows along the Transcontinental Link;
- transport needs assessment;
- the conditions necessary for private capital attraction for the development and operation of the Transcontinental Link;
- ensuring safety along the Transcontinental Link;
- organisational, legal, economic and social matters.

Article 5: Border Crossings and Customs Co-operation

Taking into account the fact that excessive waiting time at border crossings could lessen the advantages of any transport infrastructure improvements, the Parties agree to stimulate and promote the future development and upgrading of border checkpoints on a bilateral and multilateral basis. Co-operation in customs services will minimise waiting time and will facilitate transit conditions. All activities will be co-ordinated with the competent authorities. The Parties will stimulate and support joint action on the necessary infrastructure and organisational activities in accordance with international commitments.

Article 6: Framework for Providing of Funding

The Parties intend to offer maximum involvement to investors and to the international financial institutions in the development and operation of the Transcontinental Link. Co-ordinated dialogue will start as early as the stage of planning and studies implementation. Information about the activities planned will be published in all co-operation phases under this Memorandum.

The Parties will establish bilateral relations to carry out all or some of the activities needed to achieve the objectives of this Memorandum of Understanding.

Article 7: Co-ordination

Implementation of the activities under this Memorandum will be carried out by representatives of the Parties. Each Party will authorise one representative and one deputy representative by notification to the Depositor. Sessions will be held at least once a year. The mandate and the rules of procedure of the group will be determined in due course. Representatives of the private sector and of the international financial institutions will be invited to the sessions when appropriate.

The Ministers of Transport of the participating states will discuss the implementation stage of activities under this Memorandum; they will regularly meet upon mutual agreement and sessions will be chaired by the host Party.

Article 8: Memorandum Implementation

The information exchanged and the studies carried out by the Parties will serve as a basis for defining the priorities, budgets and schedules of the relevant activities necessary for the development of the Transcontinental Link, the rules of its use and operation.

The Parties will agree on the appropriate project development stages.

Article 9: Accession

The Parties declare that this Memorandum is open for accession to every country, whose transport network is interoperable with the transport networks of the Parties, upon the consent of all states, signatories to this Memorandum.


The accession documents will be submitted to the Depositor of this Memorandum.

Done on 2 September 1997 in Bourgas in two equally binding original copies, one in the English language and the other in the Russian language, that will be kept with the Government of the Republic of Bulgaria in its capacity of Depositor. The Depositor will submit certified copies of the Memorandum to each of the Parties.

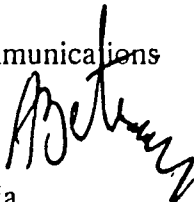
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Republic of Albania,
H.E. Gaqo Apostoli:



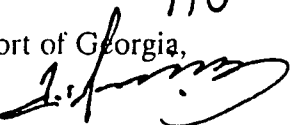
The Minister of Transport of the
Republic of Bulgaria,
H.E. Wilhelm Kraus:



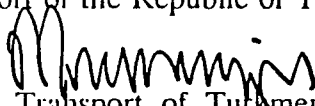
The Minister of Transport and Communications
with the Macedonian Government,
H.E. Abdulmenaf Bedzeti:



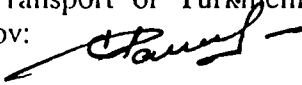
The Minister of Transport of Georgia,
H.E. Merab Adeishvili:



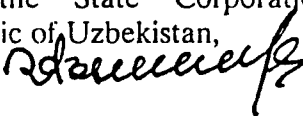
The Minister of Transport of the Republic of Turkey,
H.E. Necdet Menzir:



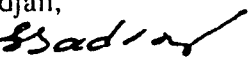
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The Head of Department of Transport and
Communications with the Ministry of Economy of
the Republic of Azerbaidjan,
Mr. Ikram Sadujhov:



The Ambassador Extraordinary and Plenipotentiary
of the Republic of Kazakhstan to the Republic of
Bulgaria, H. E. Touletai Souleimenov:



COMMISSION STAFF WORKING PAPER

JOINT MEETING OF MINISTERS OF TRANSPORT OF CEECS AND MINISTERS OF TRANSPORT OF THE MEMBER STATES 9 OCTOBER 1997

I. INTRODUCTION

1. At its meeting in Essen in December 1994, the European Council "decided on a comprehensive strategy ... for preparing [the associated States of Central and Eastern Europe] for accession to the European Union. "This is to be "politically" implemented by the creation, between associated States and the Institutions of the European Union, of "structured relations" which encourage mutual trust and will provide a framework for addressing topics of common interest¹.
2. The Strategy (in Annex IV.II of the Conclusions) confirms the central importance of the structured dialogue, which should include Community policy areas with a Trans-European dimension (including transport). It was agreed at Essen to hold an annual meeting of Transport Ministers. The first of these took place in 1995 in the margins of the 28 September Transport Council; it was attended by ministers from nine associated States. The 1996 meeting took place in the margins of the October 3 Transport Council, in Luxembourg, and was attended by ten associated States.²
3. The joint meeting on 3 October 1996 dealt with two subjects: the development of rail and combined transport on the one hand, and transport charging on the other. Moreover, it concluded that it was advisable to strengthen the structured dialogue in the transport sector through regular meetings of senior officials, with the same participation as the structured dialogue itself (Member States, the 10 associated countries and the Commission). These meetings would have two aims:
 - the detailed follow-up on topics previously discussed by Ministers;
 - the preparation of the subjects to be dealt with in future joint ministerial meetings.

The first meeting of senior officials took place in Brussels on 2 July 1997. Its conclusions are attached (Annex I).

4. This document is intended to serve as a basis for discussion at the next joint meeting of the Transport Ministers of the ten associated countries and of the Transport Council, which will be held on 9 October 1997 in Luxembourg. It is in three parts. The first deals with the follow up to the discussions at the 1996 meeting; the second summarises developments since 1996, particularly regarding the Third Pan-European Transport Conference and infrastructure development and the third deals with the suggested topic of market access for the 1997 meeting.

II. FOLLOW UP TO THE 1996 JOINT MEETING

II.1 Rail and combined transport

5. The structure of the transport systems in the 10 associated countries contains a number of factors favourable to the development of railway and combined transport services: the majority share of rail in the supply of transport until 1989, due mainly to the planned orientation of transport markets towards rail, and their dense railway networks. However, the share of rail has since then been considerably reduced in favour of road, and the development of combined transport has not met expectations, as was further underlined at the meeting of senior officials.
6. This development raises some concern, since rapid, and in some cases uncontrolled, growth in road transport has led to saturation of the road network and a major increase in congestion, in environmental damage and in accidents. Such a situation could also reduce the benefits of enlargement, since the current transport system does not appear to be adequate to meet the increase in traffic caused by trade growth between now and enlargement, unless non road transport modes can once again begin to take a larger share of traffic.
7. The causes of this development are numerous. They include the deterioration in the state of the railway network, difficulties in financing track maintenance and fleet renewal, the handicap of the high minimum investment threshold necessary to launch a railway service compared with road, distortions between modes in the distribution of the cost of infrastructure use and of social costs, the lack of commercial effectiveness of railway companies which have so far lived off captive markets, the lack of adaptation of certain railway services to demand, and the cost of the social consequences of railway restructuring.
8. In the face of this situation, a common strategy could in the short term, in the light of the discussions held on 3 October 1996 and 2 July 1997, be based on the following main lines of action:
 - the application of the provisions of Directive 91/440 and of Directives 95/18 and 95/19;
 - the intensification of work on the concept of rail freight freeways and the involvement in this action of the ten associated countries in the structured dialogue; a meeting with them on this topic is taking place at the end of September 1997;

- finding appropriate solutions for the renewal and modernisation of railway equipment (in this respect, a study on the possibilities for establishing and financing a pool of combined transport equipment, including trucks, will in principle be financed by PHARE; results are expected at the end of 1998);
- a reflection on how to address the social consequences and the cost of railway restructuring in the ten associated countries;
- judicious use of the PHARE funds to promote use of railways and especially of combined transport.

II.2. Transport charging

9. At present a progressive alignment in taxation is taking place in the European Union, including in the transport sector. This resulted in the adoption in 1993 of Directive 93/89 on the application by Member States of taxes on certain vehicles used for the carriage of goods by road, and tolls and charges for the use of certain infrastructures. Although subsequently annulled by the Court of Justice for procedural reasons, this Directive remains in place until it is replaced by a text adopted according to the correct procedures. In the meanwhile, the Commission also adopted a Green Paper on fair and efficient pricing in transport and, in July 1996, submitted a proposal to replace Directive 93/89.
10. In order to prevent tax differences leading to a negation of the positive effects of the Single Market, a number of transport charging principles have been accepted and applied throughout the European Union: the proportionality of charging to costs, non-discrimination on the basis of nationality, territoriality, and the non-proliferation of charging instruments. These principles will in the long term have to be respected by the applicant countries when they accede to the Union.
11. As was underlined by ministers on 3 October 1996 however, there remain in the associated countries a number of disparities in transport charging, often arising from particular historical situations. As a result, establishing the minimum coherence necessary to achieve the Single Market will necessitate lengthy, voluntary and sustained action throughout the period of preparation for accession. In this respect, a study which will be financed by Phare on the cost of enlargement in transport should yield very valuable results. This study will take into account the various costs which arise for the various economic actors due to the modifications in transport charging which result from taking over the Community acquis in transport.

II.3 Other Issues

12. The newly created instrument of senior officials' meetings to study in greater depth and to prepare the ministerial meetings has shown its value in following up the topics discussed in 1996 and in preparing the 1997 meeting.
13. One of the difficulties confronting the associated countries concerns the provision of information. At the overall level of the "acquis communautaire", the TAJEX Office was established to fulfil this task. However, a request was

made on 2 July at the Senior Officials' Meeting for this structure to be supplemented by the development of the exchanges of information between DG VII and applicant countries, in order to associate the latter more closely with the preparation of Community actions. This idea was broadly supported by senior officials; it might however be desirable to consider extending this mechanism of systematic exchanges of information to involve experts from the current Member States of the Union in addition to those from the Commission.

III. DEVELOPMENTS SINCE THE 1996 JOINT MEETING

III.1 The Third Pan-European Transport Conference

14. One of the major transport events in Europe since the 1996 meeting was the Third Pan-European Transport Conference in Helsinki in June 1997. The Conference concentrated on three topics:
 - the follow-up of the Second Conference, taking into account developments since then;
 - Trans-European Networks and transport infrastructures, dealing in particular with the development of the network and with infrastructure financing;
 - the intelligent use of transport systems.
15. The text of the Statement adopted in Helsinki is in Annex II. The importance attached in this statement to the objective of sustainable mobility (as defined in the 1992 White Paper on Transport Policy) should be noted, as well as the insistence, as a means of achieving the objectives, on "the progressive liberalisation of transport markets in order to open up to transport operators access to the markets of all countries" and on "the development of infrastructures".

III.2 Infrastructure Development

16. The Statement adopted at the Helsinki Conference establishes, as regards "means":

"DEVELOPMENT OF INFRASTRUCTURE, in order to integrate, at a pan-European level, international, national and regional transport infrastructure, with appropriate links to local transport systems and thus to guarantee the means of mobility and choice of mode to people and goods, across national borders. Emphasis should be given to improved use of existing infrastructure and related services and, by applying appropriate methods of analysis to modernisation, to rehabilitation and construction projects. This development will be based on the trans-European transport network in the territory of the European Union Member States, its future extension to the acceding countries and on the updated Crete Corridors in the territories of countries in Central and Eastern Europe. In addition, specific Pan-European Transport Areas, such as the Black Sea Basin Area, the Barents Euro-Arctic Area, the Mediterranean Basin Area and the Adriatic and the Ionian Seas Area, will

need special attention in future work on infrastructure development. The report on the adjustments of the Crete Corridors (enclosed) is regarded as the basis for further work;

"Arrangements for a EUROPE WIDE TRANSPORT NETWORK PARTNERSHIP should be initiated to bring together all parties concerned with transport infrastructure in order to co-ordinate investment schemes in the most appropriate way. More efforts should be made in order to increase public financing by the States and the European Union, as well as to increase private financing, e.g. through public-private partnership;"

17. With respect to the candidate countries for accession the Commission services have, as a result of the joint ministerial meeting in September 1995, launched the Transport Infrastructure Needs Assessment (TINA) to help to identify the broad measures regarding TENs necessary in the candidate countries, as well as priorities and projects of common interest. In particular, the economic viability of projects and possible ways of financing them will be examined.
18. This initiative, which received full support from all beneficiary countries, will continue over a number of years. While preparing the ground for enlargement, it will also be a learning process for CEECs' administrations in the area of network planning and development under Community procedures. This process is co-ordinated by the TINA group of senior officials from Member States and candidate countries. It will report to the Network Committee established under the Community Guidelines (Decision 1692/96/EC).
19. So far the TINA group has subdivided its work into three geographically oriented subgroups for the Baltic sea area (chaired by Germany), Central Europe (chaired by Austria), and South-eastern Europe (chaired by Greece), which have all met, since October 1996, on a regular basis. The subgroups will analyse regional needs in detail and, at the end of 1997, forward a first outline of their approach to setting up the extended network. The method applied uses the Pan-European Transport Corridors as a backbone for the network, with additional links and nodes being assessed on their costs and benefits following the criteria set out in the Community Guidelines. The costs of implementing the network should not exceed 1.5% of the GDP of each country concerned.
20. A technical secretariat has been set up in Vienna with five permanent staff members. Their main work will be the assessment of the entire network and the compilation of the data required for the assessment. The secretariat will have a Geographical Information System and set up appropriate communication tools with the public. The first comprehensive report of the TINA group is envisaged for the end of 1998.
21. It will be important to ensure the integration of the work in the TINA process with the wider Europe. It is therefore envisaged that one element of the TINA process will be the development of links between the extended TEN-Tr and the networks of the non-associated countries of Central and Eastern Europe (e.g. Albania, Bosnia-Herzegovina), the European NIS and other third countries. For this purpose the Pan-European Transport Corridor concept developed in recent

years for the purpose of channelling investments and infrastructure efforts for Pan-European trade and travel needs will continue to play a major role in co-operation across Europe to ensure adequate conditions for transport throughout the European continent.

IV. MARKET ACCESS IN TRANSPORT

22. The specific conditions and characteristics of market access for each mode or country are addressed in the implementation of the Europe Agreements, which are bilateral agreements concluded between the European Communities and each of the 10 countries applying for accession. On the other hand, general problems arising in this issue can best be approached within a multilateral framework such as the joint ministerial meeting. It should be noted that relations between the European Union and the 10 associated countries have evolved significantly over the last six years, when the 10 began their transition to a market economy compatible with that of the Union. This development was accelerated with the candidature of 10 for accession to the Union and their preparations for this accession.
23. The changes in economic structures and the reorientation of the 10 associated countries' economic relations towards the countries of the Union very quickly necessitated the opening of market access negotiations in transport. Examples in this respect are the current negotiations on the liberalisation of air transport, inland navigation, and occasional road passenger transport services (Interbus). While the content of these negotiations of course corresponds to the objectives of the Common Transport Policy, it is clear that the agreements being prepared will not be sufficient to ensure the entirety of the 'acquis communautaire' is taken over.
24. The current transport negotiations have generally been based on a multilateral approach, even if not all associated countries have in every instance taken part. The enlargement context raises a number of issues in relation to the future progress of these negotiations:
 - the desirability of making early progress, to the extent possible in all transport modes, in order to facilitate the enlargement process;
 - possible developments in the positions of applicant countries which may have been reluctant to take part in multilateral negotiations, but which will in any case have to deal with the same content in the accession negotiations;
 - the need for the countries concerned, and the Union, to consider a vision of liberalisation of market access based on a multimodal approach rather than mode by mode, addressing the transport system in its entirety, in order to ensure the conformity of each country's transport policy with the Common Transport Policy. One consequence will for example be that the role of the railway sector in global transport policy terms will also need to be addressed in a market access context, which has not so far been the case.

25. A further issue which has arisen is the impact of border crossing delays on the competitiveness of different transport modes, and hence on the effectiveness of progressive liberalisation of market access. This is exacerbated where transit restrictions remain. In that respect, it should be noted that progressive liberalisation of transit needs to be achieved not only for EU hauliers in the associated countries, and vice versa, but also for hauliers of one associated country in others.

26. Possible issues for discussion could include:

- means of accelerating the implementation of the acquis in parallel with progressive liberalisation of market access,
- the implications of the wider context of the enlargement negotiations for market access negotiations in transport,
- the principle causes of border crossing delays, in the light of the substantial work already done, or under way, on the physical infrastructure,
- the readiness of the associated countries to foresee a progressive increase in transit possibilities both with the EU and with other associated countries.

**TRANSPORT STRUCTURED DIALOGUE
FIRST SENIOR OFFICIALS MEETING
BRUSSELS - 02/07/97
MAIN CONCLUSIONS**

1. On points discussed at the 1996 Joint Council:

- the Commission will provide the Ministers at the 1997 meeting with a paper presenting the latest developments in the EU on transport taxation;
- the associated countries will send to the Commission a note describing their fiscal system in transport and relevant for the topics discussed in this field;
- Poland and Slovakia undertook to make a written contribution on their respective new regulations for rail sector.

2. On proposed new topics for 1997:

- for access to the market, the Commission will make a presentation on the state of play in negotiations in air transport between the Commission and the 10 associated countries, following the meeting on 25 September;
- to consider issues regarding the rail sector and rail freight freeways under the point on access to the market, while recognising that, for the time being, the establishment of rail freight freeways is based on the principle of voluntary co-operation between infrastructure operators, rather than on legislation at governmental level.

TOWARDS A PAN-EUROPEAN TRANSPORT NETWORK

Report on

ADJUSTMENTS TO CRETE CORRIDORS

submitted by the Commission of the European Communities, the Secretariat of the European Conference of Ministers of Transport and the Secretariat of the United Nations Economic Commission for Europe to the Third Pan-European Transport Conference in Helsinki in June 1997

At the second Pan-European transport Conference in Crete, March 1994, nine Pan-European transport corridors were identified for further work. These transport corridors were selected in order to facilitate trade and the mobility of persons across the European continent. The corridors would form part of a three layer concept by which the infrastructure for Pan-European transport should be adjusted to the needs of current and future traffic in a changed Europe. The three layers address network needs in a longer time horizon, more urgently needed corridors (time horizon 2015), and the projects to implement them (within 5 years). Estimations suggest that the nine corridors require investment of the order of 50 to 70 Billion ECU during the next 10-15 years to upgrade existing infrastructure to the expected traffic levels and for their modernisation.

I INTRODUCTION

1. This Report is the result of the co-operative efforts of the European Commission services, the Secretariat of the European Conference of Ministers of Transport and the Transport Division of the United Nations-Economic Commission for Europe, on the basis of intensive discussions in an ad hoc group on infrastructure of officials from the transport administrations of the European countries concerned, as part of the preparation of the Third Pan-European Conference in Helsinki in June 1997.
2. The ad hoc group commenced work in July 1996, and met four times (July 4th and December 4th 1996, February 20th and May 20th and 21st 1997). In addition, a series of other conferences took place, namely the Ministers of the Barents Euro-Arctic Council at Archangelsk on September 10th 1996 and, at senior official level, in Stockholm on May 30th 1997, the Joint meeting of the BSEC-CEI Working Group on Transport in Sofia on November 21st and 22nd 1996; the Ministers of Transport of Mediterranean countries met in Lisbon on January 23rd and 24th 1997; the Central European Conference of Ministers of Transport in Prague on March 20th and 21st 1997; the TRACECA-BSEC Transport Conference in Tbilisi on April 8th and 9th; the Conference of Ministers of Transport of the Baltic Sea in Berlin on April 21st 1997, and the Conference of Ministers of Transport in the Black Sea region in Kiev on May 15th and 16th 1997. Furthermore, a G-24 Transport Working Group for South Eastern Europe took place on February 4th and 5th 1997 in Skopje. The ECMT Ministerial session in Berlin on April 21st and 22nd also provided guidance in transport infrastructure questions. These and other meetings dealt with Pan-European and regional transport infrastructure requirements in view of the third Pan-European Transport Conference in Helsinki.
3. A "Progress report on the development of pan-European transport corridors" was prepared on the nine corridors which had been identified at the second Pan-European transport conference in Crete 1994 as in need of further work. This report is available as a separate document; it reflects the status, as of February 20th 1997, of the different corridors and the work which has been undertaken to develop the infrastructure necessary to ensure efficient international traffic on them.
4. A first review, by transport administrations, of the appropriateness of the nine corridors, in the light of geopolitical and economic developments since 1994, led them to submit more than 80 proposals for adjustments, realignments and extensions of the nine corridors, as well as proposals for new corridors, in particular in the territories of the successor states of the Socialist Federal Republic of Yugoslavia. The present report is based on an analysis of these proposals. The ad hoc group on infrastructure concluded, at its meeting of February 20th 1997,

to allocate each of the proposals to a Steering Committee or working group of one of the Corridors or to one of the newly defined Pan-European Transport Areas or even to the TINA group.

5. The overall long term objective is the future development of the quality of transport infrastructure throughout Europe and the creation of a pan-European transport network which will benefit the economic and social welfare of the Citizens of Europe. In doing so, it will be necessary to integrate environmental concerns into all aspects of infrastructure development. To proceed in the work and to continue the steps already taken it is suggested that the existing framework of Pan-European Transport Corridors be complemented by a new category for future work, the Pan-European Transport Areas (chapter III). The discussions also revealed that a stronger focus should be put on Euro-Asian links (chapter IV).

II PAN-EUROPEAN TRANSPORT CORRIDORS

6. Following a detailed analysis by the parties concerned, confirmed by competent bodies of the UN-ECE (Steering Committees of the TEM¹ and TER² projects) and endorsed by the ECMT at its Ministerial Conference in Berlin on April 21st and 22nd 1997, one firm conclusion can be drawn. The nine Pan-European transport corridors in Central and Eastern Europe and the guidelines adopted for the development of a Trans-European Transport Network (TEN), (as reproduced in the maps annexed) continue to constitute a valid basis for coherent infrastructure development at pan-European level.
7. No changes or adjustments to the set of nine corridors appear to be necessary in the near future, apart from the cases addressed in paragraphs 8 to 10. In those instances, adjustments to corridors to deal with further destinations, and a small number of missing links between the nine corridors, appear appropriate. This does not prejudice further developments emerging from the Pan-European Transport Areas (III) and the Euro-Asian links (IV)
8. In the light of the consolidation of the peace process in the successor states of the Socialist Federal Republic of Yugoslavia, it seems appropriate to propose the establishment of a new corridor (Corridor X) which broadly follows the traditional transport route to South Eastern Europe which was widely used before the outbreak of hostilities. The effective development of this corridor will however require the co-operation of all the countries concerned, as well as the resolution of any outstanding problems regarding the status of certain of the successor states. A proposal for Corridor X, which still requires further work by the parties concerned, is set out in the attached maps.
9. As regards specific corridors, the discussions suggested the following conclusions:
 - the extension of Corridor II beyond Moscow towards the Volga region (Nizhny Novgorod) (connecting to the trans-Siberian route),
 - the addition of a new branch to Corridor V running from the Adriatic coast (port of Plôce) via Sarajevo and Osijek, to Budapest, and
 - the addition of a new branch to Corridor VI, leading to Corridor IV, and connecting Katowice via Ostrava-Breclav as a rail route, and via Ostrava-Brno as a road route;

1 Trans-European North-South Motorway Project

2 Trans-European Railway Project

and requested the relevant Corridor Steering Committees or working groups to implement them in detail. Appropriate links with the Union's Trans-European Transport Network should be included in this work.

The development of a link between the Baltic Sea (Gdansk) and the Black Sea (Odessa, Constanza) through Warsaw and Kowel was discussed. The link was considered important for inclusion in the set of Corridors but it needs to be further studied at the level of AGR, AGC and AGTC networks as well as in the TINA process. The Steering Committee of Corridor V is requested to study the possible addition of a new branch of Corridor V connecting Lvov and Minsk and thus linking with Corridors II and IX as well as a possible further branch connecting Zagreb and Split.

10. As regards the majority of the proposed corridor adjustments, with the exception of the new Corridor X, these can be seen as elements of a future, more dense transport network and/or as alternative links and interconnections between the nine Core Corridors. While the 1994 Core Conference saw the Corridors as focused on the links between the countries of Central and Eastern Europe and the European Union, these additional proposals should be considered in the context of an evolutionary process in the development of a balanced pan-European multimodal transport network, which remains the ultimate aim of the process³ It was however felt that, as trade and transport on pan-European scale grow, corridors should gradually extend eastwards.

III. PAN-EUROPEAN TRANSPORT AREAS

11. It has also become apparent that, in certain areas, particularly those surrounding or linked to sea basins, the corridor concept, based on the development of links between major activity centres, does not adequately address transport infrastructure needs. A more comprehensive approach, reflecting the complex structure of transport requirements in these areas, most of which are strongly influenced by the sea, therefore needs to be adopted. This complementary concept of Pan-European Transport Areas was endorsed by the countries concerned. The proposed areas are:
 - the Barents Euro-Arctic Area
 - the Black Sea Basin Area
 - the Mediterranean Basin Area, and
 - the Adriatic/Ionian Seas Area.
12. It is intended that, in each of these areas, the countries concerned and the appropriate regional co-operation organisation, where this exists, should work on an infrastructure development plan for each area, and for its links with the Pan-European Corridors and the Union's Trans-European Networks as well as, where appropriate, eastwards to Central Asia. Work has already begun in the Mediterranean Basin and Black Sea area, as well as in the Barents Euro-Arctic Area. Consultations among the countries concerned and the Central European Initiative should be undertaken to launch work in the Adriatic/Ionian Sea area. The European Commission, the ECMT and the UN/ECE will support these processes as appropriate.
13. Given the importance of the areas concerned, it is advisable that Memoranda of Understanding, on the same basis as for the Corridors, be concluded between the countries concerned.
14. The Baltic Sea Region, which would be a logical candidate to become a Pan-European transport Area, is already undergoing a dynamic integration process and several regional co-operation initiatives e.g. The Council of the Baltic Sea States and the Conference of Transport Ministers of the Baltic Sea States are already actively dealing with the transport issues of the Region. A focused support for the implementation of the most urgent transport projects has already been launched.

IV EURO-ASIAN CONNECTIONS

15. The importance and use of the links between Europe and Asia are expected to grow. This shows the necessity of the ongoing extension of the AGR, AGC, AGTC and AGN networks to the trans-Caucasian and Central Asian members of the UN/ECE. That is why the discussions suggested implementing the results of further examination in the Steering Committees and working parties of the relevant Corridors and Areas of the links

- to the Northern Sea route,
- to the trans-Siberian trunk line,
- from Moscow to Novorossiysk and to Astrakhan,
- to the TRACECA including the Volga-Don link and
- to the Black Sea shore connections to the Caucasus, the Near and Middle East, and Central Asia.

and furthering trans-continental links to all parts of Asia and the Pacific. The ongoing studies and projects currently underway (Europe-Asia, TRACECA) will serve as a basis for future considerations; this would lead to a concise concept of the transport links between Europe and Asia on the Euro-Asian land mass.

V MULTIMODALITY AND INTELLIGENT USE OF NETWORKS

16. A multimodal approach to corridor and area development should be adopted, with the aim of achieving sustainable mobility at pan-European level; making use of the comparative advantages of each transport mode in relation to the others. This would require, as part of a co-ordinated approach to transport investment, the establishment of specific priorities for the different transport modes in the implementation of the corridors and areas, with a view to promoting the most efficient and environmentally friendly transport modes. Such a multimodal approach would include internationally important airports and sea and river ports as connecting nodes and feeding points between transport modes. Specific geographical constraints should be taken into account and special emphasis should be given to relevant transport modes where their role is particularly significant for both the country concerned and the regional economy (e.g. maritime transport and ports, and their role in hubs and feeding, in island economies).

17. In order to guarantee the overall effectiveness of transport flows and services, greater emphasis will need to be put on the proper functioning, quality and safety of the transport system. To this end, consideration should be given to the inclusion of the concept of "intelligence" in all planning and investment decisions. This would imply the use of tools and services offered by information technology in order to achieve more efficient use of infrastructure, initially on the existing infrastructure, and also when investing in upgrading or in the long term development of new infrastructure.

VI FURTHER WORK

18. As regards the details of each corridor and area in the light of the various proposals for refinements and adjustments, it is suggested that bodies at a working level deal with each proposal. In most cases the appropriate body would be the Working Groups or Steering Committees of the existing corridors or, for proposals within the Central European countries who are candidates to accede to the European Union, the Transport Infrastructure Needs

Assessment group (TINA), which is pursuing a transport network approach with a view to the enlargement process of the European Union. It is understood that the Steering Committees of the Corridors and Areas need organisational support, such as the corridor correspondents introduced by the UIC. The competent bodies within the TEM and TER projects, and other bodies set up under the aegis of the UN/ECE, should continue to address the further development of the Corridor concept in Eastern Europe and their connections to Central Asia.

19. Governments are strongly encouraged to initiate and manage preparatory measures, aiming at identifying transport infrastructure projects of reasonable size, with appropriate economic efficiency and financial viability. They should lie on the designated Corridors and Areas and preferably be shaped and structured in co-operation with international financing institutions, assuming their eventual participation in the funding of these projects. It is hoped that an increasing part of the financing can be raised from domestic financial markets. In this context, a consistent approach to charging policies along corridors, based on the non-discrimination principle, will also need to be developed. Some prior discussion in the G-24, as well as in the relevant steering or working groups, may also be appropriate.
20. Bearing in mind the unavoidable link which will remain between the setting of priorities and existing financial constraints, surveys of the development of traffic flows should be carried out regularly. The technical and legal monitoring will be undertaken by the UN/ECE and the policy monitoring will be under the responsibility of the ECMT, while the European Community will continue to co-ordinate efforts, inter alia in the framework of the G-24, and participate in financing.
21. As border crossing points are still an obstacle for smooth transport operations, it is evident that the development of the Pan-European Transport Corridors and Areas should be accompanied by the solution of border crossing problems.

VII. CONCLUSIONS

22. The corridor concept has established itself over the last few years as a valid basis for infrastructure development in Central and Eastern Europe. Of course, the corridor concept must always be seen as a flexible tool to aid more co-ordinated international infrastructure planning. Implementation must nevertheless be adapted in the light of actual traffic flows, detailed analysis of priorities and financial availability.
23. The set of ten Pan-European Transport Corridors (the nine corridors identified in Crete and Corridor X) complemented by the four Pan-European Transport Areas (the Barents Euro-Arctic Area, Black Sea Basin Area, Mediterranean Basin Area and Adriatic/Ionian Seas Area) would meet the most urgent needs of trade and mobility of Europe's citizens across the continent. The interconnections between Europe and Asia are also gaining in importance.
24. Over the next 10 to 15 years a sufficient share of Europe's GDP will need to be devoted to Pan-European transport infrastructure development to ensure that an efficient transport network, capable of permitting sustainable mobility in and across Europe, can develop. In this context, Transport Ministers recommended in Berlin, on the occasion of the Ministerial session of the ECMT in April 1997, the allocation of 1 to 2 percent of their GDP to investment in infrastructure. The European countries should work in partnership, on a cross border basis, towards the realisation of this goal.
25. It is recommended that the work on the realisation of this concept be supported by all European countries and by the Commission of the European Communities, the UN/ECE and the ECMT.

ANNEX**DEFINITION OF CORRIDOR X**

Main Corridor : Salzburg-Ljubljana-Zagreb-Beograd-Nis-Skopje-Veles-Thessaloniki

Branch A : Graz-Maribor-Zagreb

Branch B : Budapest-Novı Sad-Beograd

Branch C : Nis-Sofia-[Dimitrovgrad-Istanbul via Corridor IV]

Branch D : Veles-Bitola-Florina-Via Egnatia

TOWARDS A PAN-EUROPEAN TRANSPORT NETWORK

The Trans-European Transport Network,
Pan-European Transport Corridors and Areas

European Union

EEA countries

candidate countries
for accession

Other countries

Associated countries

Trans-European Transport Network

road

rail

Pan-European Corridors

Pan-European Areas

Black Sea Area
Mediterranean Area
Adriatic-Ionian Area

Helinki: Tallinn-Riga-Kaunas-Warsaw (road component via
Baltica Vrat component, Rail Baltic & Riga-Kaliningrad-Gdansk)

Berlin-Warsaw-Minsk-Moscow-Nizhny Novgorod

Berlin-Dresden-Wrocław-Leipzig-Vienna

Berlin/Munich/Frankfurt-Budapest-Constantinople/Istanbul

of present day cross-border
bridges to be discussed in the
negotiations

Venice Trieste/Koper Ljubljana Budapest-Ugheved Lov

branch A: Bratislava-Zilina-Košice-Ugheved

branch B: Rijeka-Zagreb-Budapest

branch C: Moscow-Samara-Ufa-Kazan-Budapest

Gdansk-Greifswald-Warsaw-Kaliningrad-Zima (corridor V branch A)

branch B: Moscow-Vladivostok

Danube

Duisburg-Toronto-Sofia-Varna

Heilbronn-Potsdam-Magdeburg-Kiel-Lübeck-
Copenhagen-Danish-Township-Alslandrup

branch A: Lübeck-Danish-Township

branch B: New Market-Varna-Kaliningrad-Kaliningrad

Sofia-Burgas-Varna-Kaliningrad-Kaliningrad

branch C: New Market-Varna-Kaliningrad-Kaliningrad

branch D: Varna-Burgas-Varna-Kaliningrad-Kaliningrad

EURO-Asian links



Prepared by the European Commission
for the Third Pan-European Transport
Conference, Helsinki, 23-25 June 1987

Corrigendum to the Report on Adjustments to Crete Corridors

1. For the map, enlarge the Barents Euro-Arctic area ellipse so that it touches the northern shore of the Baltic Sea.
2. Insert in paragraph 2 after “January 23rd and 24th 1997” “,followed by a meeting at senior officials’ level in Paris on 27th May 1997” and after “... Tbilisi on April 8th and 9th” “, 1997”.
3. Insert in paragraph 9 second subparagraph after “Warsaw and Kowel” “and of a rail link between the Baltic sea and the Northern shore of the Adriatic” and change in the following sentence “link was” to “links were”
4. Insert in paragraph 9, at the end of the second subparagraph: “Further study should also be given to links between Corridor I and Corridor IX, in particular in the TINA process, as well as to defining Corridor VII to include the canal links to the Black Sea.”
5. Delete the footnote indicator³ in paragraph 10.
6. Insert in paragraph 12, after the first sentence: “This work should include study of the possibilities for complementing the Pan European Transport Corridors to ensure their greatest possible integration with the Areas in question.”
7. Insert in paragraph 12, in the second (now third) sentence: “...Mediterranean Basin, on the basis of a draft report on priority multimodal corridors, and Black Sea area, as well as ...”.
8. Insert in paragraph 15, in the second bullet point, after “trunk line”, “and its connections to East Asia” and replace the fourth bullet point by:
 - to the TRACECA,
 - to the Caspian Sea through the Volga-Don link and”
9. Change paragraph 24 so that it reads “... 1 to 2 percent of each country’s GDP ...”
10. In the Annex, insert a footnote to Corridor X, Branch A (Graz-Maribor-Zagreb) to read :
“For the Slovenian section, pending further study, use will be made of existing infrastructure.”
11. In the Annex, Branch D of Corridor X should read :
“Bitola-Florina-Via Egnatia-Igoumenitsa”

EUROPEAN PARLIAMENT

Draft Declaration to be issued by the Third Pan-European Transport Conference
(Helsinki, 23-25 June 1997)

TOWARDS A EUROPEAN WIDE TRANSPORT POLICY

A Set of Common Principles

Amendements from the Working Groups agreed by the Steering Committee

24 Juni 1997

I. PREAMBLE

- J recognising the importance of the dialogue between the Committee on Transport and Tourism of the European Parliament and the parliamentary committees responsible for transport of the Central and Eastern European countries and the Newly Independent States and noting the declaration adopted by a joint meeting on 4 June 1996 in Brussels,

II. OBJECTIVES

- 3 To ensure that all development is undertaken in a manner consistent with the objectives of sustainable mobility, implying more integrated use of all transport modes with special emphasis on intermodality and promotion of more environmentally friendly modes such as rail, inland waterways, short sea shipping and combined transport, as well as public passenger transport; while recognising that road and air transport will continue to play a substantial role;

IV. MEANS

5. Arrangements for a EUROPE WIDE TRANSPORT NETWORK PARTNERSHIP should be initiated to bring together all parties concerned with transport infrastructure in order to coordinate investment schemes in the most appropriate way. More efforts should be made in order to increase public financing by the States and the European Union, as well as to increase private financing, eg. through public – private partnership;
6. Promotion of public and COLLECTIVE PASSENGER TRANSPORT in regional, urban and interurban traffic, also in the interest of a balanced territorial planning, in order to reduce congestion and other impacts generated by increased motorisation, taking into consideration the necessities of services of general interest; promotion of non motorised modes of transport; FACILITATION OF ACCESS and promotion of safety of the vulnerable transport users;

EUROPEAN PARLIAMENT

Draft Declaration to be issued by the Third Pan-European Transport Conference (Helsinki, 23-25 June 1997)

TOWARDS A EUROPEAN WIDE TRANSPORT POLICY

A Set of Common Principles

ANNEX

27 May 1997

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DRAFT DECLARATION
to be issued by the Helsinki Conference

TOWARDS A EUROPEAN WIDE TRANSPORT POLICY

A Set of Common Principles

I. PREAMBLE

The representatives of the governments and parliaments of the European countries, of institutions of the European Union and of the intergovernmental organisations and bodies meeting in Helsinki from 23 to 25 June 1997 for the Third Pan – European Transport Conference,

- A acknowledging action taken and progress made in the framework of the EU's policies, such as
- the Association Agreements with 10 Central and Eastern European Countries, Malta, Cyprus and Turkey, the Trade and Cooperation Agreement with Albania and the Partnership and Cooperation Agreements with the Newly Independent States;
 - Transport Agreements with Slovenia and the Former Yugoslav Republic of Macedonia ;
 - [INTERBUS Agreement between the EC and 14 European countries];
 - PHARE and TACIS technical assistance programmes of the European Community;
 - the Euro – Mediterranean Partnership, and its accompanying MEDA instrument,
- B recognising the important contribution that the United Nations Economic Commission for Europe, through legally binding international conventions and agreements, and the European Conference of Ministers of Transport, through its resolutions, have made in developing Pan – European transport policy,
- C recognising the achievements of the previous Pan – European Conferences, in Prague in 1991 and in Crete in 1994, in developing a fruitful Europe – wide cooperation in the field of transport and their importance in laying the foundations of a Pan – European transport policy,
- D recognising the important contribution of the ECMT Ministerial Conference in Berlin in April 1997 to the assessment of a Pan – European transport infrastructure and of future trends in transport and noting the joint statement adopted by the Council of Ministers of the ECMT at that Conference,
- E recognising the fruitful and efficient cooperation between UN/ECE, ECMT and the European Union institutions(European Parliament, Council of the European

Union, Commission of the European Communities) in further developing concepts of pan – European transport policy and corridors,

F acknowledging the role and the contribution of regional and sectoral conferences, such as

- the XXVth International Road Union (IRU) World Congress in Budapest in May 1996
- the Meeting of the Ministers of Transport of the Members of the Barents Euro – Arctic Council in Archangelsk in September 1996
- the Conference of the Ministers of Transport of the Black Sea Economic Cooperation and Central European Initiative countries in Sofia in November 1996
- the Mediterranean Transport Conference in Lisbon in January 1997
- the CER – UIC – UNIFE Rail Transport Conference in Warsaw in March 1997
- the Regional Transport Research & Development Workshop in Moscow in April 1997
- the Central European Ministerial Congress in Prague in April 1997
- the Third Conference of Ministers of Transport of the Baltic Sea States in Berlin in April 1997
- the Black Sea Conference in Kiev in May 1997
- the International Union of Public Transport (UITP) Congress in Stuttgart in June 1997,

in preparing the input of these regions and sectors to this Conference and in implementing the resulting conclusions, and thus contributing to the development of a Pan – European transport policy,

G reiterating the commitment given to the main principles of the Crete Declaration of 14 – 16 March 1994, notably those of social market economy and free and fair competition, development of sustainable mobility while respecting environmental protection, compatibility of institutional, regulatory and administrative frameworks to ensure a coherent transport system across Europe, facilitation of transit at border points, reduction of obstacles and delays, coordination in the planning and financing of trans – European networks and transport infrastructure to ensure interoperability and interconnection and geographically balanced development between central and peripheral regions,

H referring to Part D of the Crete Declaration on the commitment to draw up a system for the monitoring of a set of common principles for Transport Policy as a basis for a Europe – wide transport policy,

I noting the White Paper prepared by the Commission of the European Communities on the future development of the Common Transport Policy (CTP), the conclusions of the Council of the European Union on the subject and the European Parliament's resolution of 18 January 1994 on the

objectives of the CTP and the Commission's CTP Action Programme for the period 1995 – 2000 and the European Parliament's resolution of 6 June 1996 on this subject,

- J recognising the importance of the dialogue between the Committee on Transport and Tourism of the European Parliament and the parliamentary committees responsible for transport of the Central and Eastern European countries and the Community of Independent States and noting the declaration adopted by a joint meeting on 4 June 1996 in Brussels,
- K having regard to the European Parliament's resolution of 28 November 1996 on the Pan – European transport policy,
- L recognising that the regulatory environment in Europe, based on largely bilateral agreements, and the lack of strict compliance with and enforcement of multilateral legal instruments as well as multilateral principles such as non – discrimination, contribute to the creation of inequities, which adversely affect competitive conditions in international transport and hence the development of trade, and disrupt the pace of economic integration at Pan – European level,
- M affirming that the future development of the transport sector would be assisted by the establishment of a set of multilateral principles, and that joint monitoring of their implementation can contribute to attaining the objective of harmonisation of laws as provided for in the Europe Agreements, thus contributing to the development of international transport on a fair and equitable basis,
- N being further convinced that the adoption of such a set of multilateral principles would facilitate the strengthening of national transport policy and legislation leading to the progressive harmonisation of competitive conditions in transport throughout Europe,
- O recognising the need to ensure that policy measures, the regulatory framework and business practices in transport do not negate the realisation of benefits that should arise from the gradual liberalisation of transport markets,
- P being convinced both of the need to reinforce coordinated actions by countries at both national and international levels in order to deal effectively with the practices of transport enterprises, and of the need for closer cooperation between public authorities and the private sector,
- Q recognising the need to deal with the problems of fraud and crime in international transport and noting the final report and recommendations of the European Parliament's Committee of Inquiry into the Community transit

system adopted on 19 February 1997 and the resolution on crime in international transport adopted by the European Conference of Ministers of Transport on 22 April 1997,

hereby endorse the set of principles below for the development and monitoring of Pan – European Transport Policy:

II. OBJECTIVES

The Set of Common Principles are drawn up in order to achieve the following objectives:

The overall objective is to promote sustainable, efficient transport systems which meet the economic, social, environmental and safety needs of European citizens, help reduce regional disparities and enable European business to compete effectively in world markets, and in particular

- 1 To support the process of progressive liberalisation and integration of transport markets and to ensure the avoidance of unfair and discriminatory practices which impede or negate the realisation of the benefits derived from competition;
- 2 To attain greater efficiency in transport development throughout Europe, taking into account technical and interoperability aspects in order to facilitate movements at border crossings and contribute to mobility of both people and goods and to provide operators and customers with an efficient logistical and working environment, and hence to contribute to economic and social welfare across the continent;
- 3 To ensure that all development is undertaken in a manner consistent with the objectives of sustainable mobility, implying more integrated use of all transport modes with special emphasis on intermodality and promotion of more environmentally friendly modes such as rail, inland waterways, short sea shipping and combined transport, while recognising that road and air transport will continue to play a substantial role;
- 4 To ensure socially and environmentally acceptable and safe conditions for transport users (and, in particular, vulnerable users), for workers and for the public at large and to emphasise the importance of improving and promoting transport safety and of setting targets to that end;
- 5 To facilitate the adoption and implementation at all levels of transport laws and policies based on common principles and standards, multilateral legal instruments and conventions, and thereby to reduce existing discrepancies in the regulatory environment in Europe;

- 6 To promote improvements in the construction and operation of the transport system (infrastructure, vehicles and equipment, services and procedures), giving priority to measures which are able to deal with capacity problems, and better to exploit the present system and to develop it on the basis of improved use of appropriate methods of analysis;
- 7 To reflect further on the possible updating and revision of the existing institutional and regulatory framework in order to cope better with changing political and commercial circumstances in the field of international transport;
- 8 To guarantee a coherent information on transport flows and appropriate access to this information;

III. PRINCIPLES

In line with the objectives set out in Section II the following principles should be applied:

- 1 NON – DISCRIMINATION in bilateral and other relations; regulatory and other measures should treat operators from all countries in a similar manner;
- 2 SUSTAINABILITY in all action, both from purely environmental point of view and in the use of energy and other resources, as well as in safety measures;
- 3 PROTECTION of transport users (and, in particular, vulnerable users), workers and the public at large against risks in safety matters, and improvement of social conditions in order to increase the welfare of European citizens;
- 4 COOPERATION at all levels and between all parties in the transport field (inter alia through transport research activities) especially in resolving border crossing problems, the development of data collection programmes and project evaluation capabilities, and the evaluation of transport needs on a regional basis;
- 5 INTEROPERABILITY within and between different transport modes and between networks and traffic management systems, especially through technical standardisation measures, with a view to ensuring extensive access possibilities and interconnections;
- 6 SUBSIDIARITY, meaning that issues should be dealt with at the most appropriate level (local, regional, national, international);
- 7 TRANSPARENCY in decision – making, especially as regards public financial support for transport operations, in order to avoid distortions of competitive conditions in transport markets;

- 8 CONTRIBUTION TO COSTS, meaning that the user of the infrastructure should make an appropriate contribution to investment and maintenance costs and contribute to the coverage of external cost elements of transport (eg. polluter pays);
- 9 EFFICIENCY IN THE USE OF INFRASTRUCTURE, vehicles and equipment, taking account of alternatives to new investment in physical infrastructure and maximising the benefits secured from new technology;
- 10 CONSULTATION of socio – economic groups in transport policy development;

IV. MEANS

The objectives set out in Section II should be achieved by the following means:

- 1 LEGISLATIVE APPROXIMATION in safety, environmental, technical and social spheres in order to eliminate distortions of competition and to assist in the creation of a unified transport market and to thus generate considerable benefits at macroeconomic level;
- 2 Gradual LIBERALISATION of transport markets in order to open access for transport operators to markets in all countries, completed by integration of procedures and the strict avoidance of unfair and discriminatory practices; the principle of freedom to provide services needs to take account of the specific characteristics of the sectors involved;
- 3 Development of INTERMODALITY, in order to create the necessary framework conditions for an efficient, modally integrated and environmentally friendly use of the Pan – European transport system, through optimizing cooperation between modes in the intermodal transport chain (a door – to – door transport concept where each mode is chosen for that part of the journey for which it is more efficient), and through optimizing transshipment operations, both as regards quality and price and for both passengers and freight;
- 4 DEVELOPMENT OF INFRASTRUCTURE, in order to integrate, at a Pan – European level, international, national and regional transport infrastructure, with appropriate links to local transport systems and thus to guarantee the means of mobility and choice of mode to people and goods, across national borders. Emphasis should be given to improved use of existing infrastructure and related services and, by applying appropriate methods of analysis to modernisation, to rehabilitation and construction projects. This development will be based on the Trans – European Transport Network in the territory of the European Union Member States, its future extension to the acceding

countries and on the updated Crete Corridors in the territories of countries in Central and Eastern Europe. In addition, specific Pan – European Transport Areas, such as the Black Sea Basin Area, the Barents Euro – Arctic Area, the Mediterranean Basin Area and the Adriatic and the Ionian Seas Area, will need special attention in future work on infrastructure development . The report on the adjustments of the Crete Corridors (enclosed) is regarded as the basis for further work;

5. Arrangements for a EUROPE WIDE TRANSPORT NETWORK PARTNERSHIP should be initiated to bring together all parties concerned with transport infrastructure in order to coordinate investment schemes in the most appropriate way. More efforts should be made in order to increase private financing, eg. through public – private partnership;
6. Promotion of public and COLLECTIVE PASSENGER TRANSPORT in regional, urban and interurban traffic in order to reduce congestion and other impacts generated by increased motorisation; promotion of non motorised modes of transport; FACILITATION OF ACCESS and promotion of safety of the vulnerable transport users;
7. Development and support of institutional frameworks and mechanisms as well as promotional action for the application of INTELLIGENT TRANSPORT SYSTEMS which reduce congestion, accidents and pollution and facilitate transport management, making use of existing applications and research results, and taking advantage of the enhancement of intermodality (transport/traffic management, cost – – effective maintenance and improved interface of various modes, administrative measures in alleviating bottlenecks, introduction of modern technology, etc.);
8. Reinforced cooperation in the field of RESEARCH AND DEVELOPMENT on transport in order to find common solutions to present and anticipated problems, covering in particular issues of safety, intermodality, intelligent transport systems, interoperability of traffic management systems, establishment of a common data base and cost effective road maintenance and construction. Special attention should be given, more generally, to effective and innovative initiatives in the field. The possible gap between R&D and successful deployment can be overcome by activities in the fields of demonstration, dissemination of best practice, exploitation of results and training;
9. Identification of FULL INFRASTRUCTURE COSTS of all modes of transport and further consideration of the application of the principle of INTERNALISATION OF EXTERNAL COSTS to redress imbalances between transport modes while avoiding negative impact due to different geographical conditions in different countries by using economic instruments, such as

differentiated charges for heavy goods vehicles, in line with real costs caused to infrastructure, society and environment;

10. FACILITATION OF TRANSIT by modern, compatible equipment and flexible procedures in border crossing; reinforced cooperation and coordination among all parties concerned in order to REDUCE FRAUD AND CRIME in international transport;
11. Promotion of a coherent form of cooperation on DATA COLLECTION and guaranteeing appropriate access to this information.

V. MONITORING AND REVIEW PROCEDURES

We invite the participants to

- . take careful note of the principles set out in this Declaration and to implement them in order to achieve the objectives set out in Section II;
- . consider the need firstly to monitor implementation of the "means" set out in section IV of this declaration, and secondly to evaluate periodically the degree of achievement of the "objectives" described in section II, and in this connection request the European Union, the European Conference of Ministers of Transport and the United Nations Economic Commission for Europe and partners in multilateral and regional initiatives to co-operate in the aggregation of relevant data, to review progress towards regional and sectoral goals, and to make proposals for more effective implementation on the basis of experience;

